

HOME NEWS

Mr Foot tries to calm fears of left and right over conference

By George Clark
Political Correspondent

Mr Michael Foot, leader of the Opposition, told Labour left-wingers that some members of the party were looking to Saturday's special conference in London on leadership elections to provide an excuse for them to leave the party.

The conference has to decide on the make-up of the electoral college which will choose the leader and deputy leader of the party.

Mr Foot said there could be nothing in the conference decisions on Saturday to justify any Labour MP's leaving the party. Both at the Tribune group meeting and in a television broadcast Mr Foot sought to assure the left and the right wings of the party on that point.

In a television interview he said he was not in a mood to tell right-wingers like Dr David Owen and Mrs Shirley Williams to "shut up and get out". He wanted to preserve a party that was able to embrace a wide range of views on the attainment of socialist aims.

When he met the Tribune group of left-wingers at the Commons, he came under some criticism for his tolerance under provocation from the right, but he retained his stance as mediator.

He had a friendly hearing, however, at a meeting that was devoted entirely to the future of the party. He said he was not in favour of holding another referendum about British membership of the EEC. It would be a clear issue at the next general election and the voters would make their choice.

NUR backs 50% vote by MPs for party leader

By David Felton
Labour Reporter

The National Union of Railmen, which has 180,000 votes to cast at next Saturday's special Labour Party conference, decided yesterday to support an electoral college giving half of the votes to the Parliamentary Labour Party in the election of the party leader.

At a special recalled conference union delegates voted for 50 per cent of the college votes to go to the PLP, 25 per cent to constituency parties and 25 per cent to trade unions, which will ally the NUR with other moderate unions at Saturday's conference.

Yesterday's conference rejected the suggestion, which is supported by other moderate unions, that the electoral college elections should be by annual party conference, and instead approved election by postal ballot.

Mr Sidney Weighell, NUR general secretary, told delegates that he believed most union votes on Saturday will be cast in favour of the PLP being given half of the electoral college.

Other unions broadly in favour of that composition are the General and Municipal Workers Union, the electricians' union, the Iron and Steel Trades Confederation and the National Union of Mineworkers. Britain's second largest union, the Amalgamated Union of Engineering Workers, wants the PLP to be given an overall majority.

The NUR's policy before the party conference last September was that election of the leader should be left in the hands of the PLP, but after the decision to adopt the principle of an electoral college the union leadership argued against a proposal that the parties in the college should each have a third of the votes.

That proposal was lost by 64 votes to 13 and delegates voted by a three-to-two majority to give the PLP half the college votes.

Mr Weighell was bitterly critical of the administration of the Labour Party, which he said had chosen to ignore the case for changing the composition of the party executive itself.

He maintained that members of Parliament were far better placed than the ordinary party member or trade unionist to form a judgment about the calibre of a candidate for the leadership.

Leaked confidential DHSS circular to be challenged in Parliament

Hospital strike-breaking by troops planned

By Paul Routledge
Labour Editor

Labour MPs sponsored by the National Union of Public Employees are to demand an explanation from the Government of Ministry of Defence plans to use troops in the hospitals and the ambulance service if there is another "winter of discontent".

A confidential circular from the Department of Health and Social Security to regional administrators of the National Health Service gives warning of the likely use of servicemen under Plan Lionel (the first name of the TUC general secretary) if there are strikes by health service workers.

The ministry document leaked to the media also discloses the existence of Plan Concord and Plan Bittern.

Mr Alan Fisher, general secretary of Nupe, said last night: "We are going to get our MPs to ask questions in the House about this so-called circular, so that we can see its full contents."

The DHSS confirmed that the document was genuine but added: "Every Government makes contingency plans."

The Transport and General Workers' Union, which organizes Britain's 16,000 ambulance men, last night challenged the Government to bring troops into the emergency services. "There is no way that servicemen can do the jobs of health workers," Mr Michael Martin, TGWU national officer, said.

"They are trying to put the scares on our people. Here is a government that publicly deplores military intervention against workers in Poland and yet is planning the same thing itself."

The confidential memorandum sent to health service administrators says that contingency arrangements for use of troops during industrial disputes have been finalized after consultations between the DHSS and the Ministry of Defence.

Plan Lionel provides for "limited Service assistance in the event of a strike involving certain skilled and semi-skilled ancillary workers."

Plan Concord provides for Service personnel to drive NHS ambulances in the event of a dispute, and Plan Bittern provides for the use of Service ambulances and drivers in a strike.

Pay talks involving the ambulance men and 240,000 hospital staff are held up because the Government has not yet announced its cash limit for the health service.

The circular goes on: "The security of these documents is paramount. You are in possession of military plans which are highly sensitive. Any disclosure of information contained in these plans would be extremely damaging to the Government's industrial relations policy."

Anglo-Irish studies expected to start soon

From Christopher Thomas
Dublin

The proposed Anglo-Irish studies into a range of key issues, which have been heralded as marking an historic improvement in relations between the two countries, look set to begin soon.

Senior civil servants from Dublin and Westminster will be ready in two or three weeks to attend their first full meeting. The immediate task will be to decide what machinery should be set up for the studies, and that process may take some weeks.

The studies were agreed between Mrs Margaret Thatcher and Mr Charles Haughey, Prime Minister of the Irish Republic, in Dublin on December 8. Developments have been slow since then, but with the Maze hunger strike out of the way events are gaining momentum.

The two leaders are due to meet again, probably in June or July, in London, when some clear indication of the direction of the studies will have been established. The meeting will be devoted entirely to considering them.

By then Mr Haughey may be in the throes of an election, but most pundits expect that he will sweep the board.

The Republic's economy may be in a shambles, but Mr Haughey's brisk style has much personal appeal, particularly when set against the cautious intellectual approach of Mr Garret FitzGerald, his main rival.

Officials from a host of British government departments are involved in the preliminary exploration into the best way to set up the joint studies. Hitherto joint operations have involved the Northern Ireland Office almost exclusively.

Not only either side of the border, seriously expects the Westminster will attempt to revise its search for a broad acceptable solution in a purely Northern Ireland context.

The constitutional position is not being threatened, but there is in Dublin a feeling that a new and intense relationship between the two governments will take much of the sting out of the border question. Mr Charles Haughey's note to Mrs Thatcher inquiring about her views on the subject was a clear indication of a change in the Irish position.

She was still "very serious" ill and unable to speak, but smiled when told her children were well.

The condition of her husband, who was also shot at Friday home in Co Tyrone last Friday, was still serious.

Printing unions' warning on Employment Act

By Our Labour Staff

The main printing unions yesterday reinforced their outright opposition to the Employment Act with a warning that they would "collectively resist any attempt by employers or individuals to use its provisions".

In a reference which apparently rules out the use of state aid in postal bailouts, a statement from the TUC Print Industries Committee also said that the National Society of Operative Printers, Graphical and Media Personnel, the

Seamen's leader says tactics working well

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will never be operational again."

The employers' statement said that up to now, not wanting to harden attitudes, some ship-ping companies had continued to pay their seamen even where lightning strikes had taken place.

However the danger to the future of the Merchant Navy arising from the present ratings but also of officers and shore staff was increasing.

It is understood that the union's disputes committee late last week decided to recommend a total two-day strike this week; delegates at yesterday's meeting may have decided instead to intensify guerrilla action partly, it is thought, because of a reluctance among



Mr William Sirs announcing the result of his union's steel ballot in London yesterday.

Getty funds 'threat' to art owners

By Kenneth Gosling
Arts Reporter

A Commons committee was told yesterday that it was essential to provide further measures to safeguard works of art in the hands of private owners in view of the millions of pounds that would shortly be available to the trustees of the late Paul Getty's estate.

Mr Hugh Leggat, secretary of Heritage in Danger, said at the opening of an inquiry by the Education, Science and Arts Select Committee into the private and public funding of the arts: "This is quite the most serious thing that has happened to the art world for many years."

"Mr Getty left practically all his funds to the Getty Foundation and some \$800m accrued to it, and this is probably now an astronomical figure in view of the rising value of oil."

"The trustees are obliged to spend 75 per cent of their income in order not to incur a tax liability and there will be a marked effect on the art markets of the world."

In written evidence to the committee, which is considering the circumstances in which the late Paul Getty's estate has acquired a large collection of art objects in lieu of tax or by private treaty sale, Mr Leggat proposed among other things that tax credits should be introduced in the next budget, these to be in the nature of deposits against future capital taxes.

The recent sale of the Leonardo Codex, he said, underlined the seriousness of the position.

Mr Peter Rees, QC, Treasury Minister of State, told the committee that he was less than enthusiastic about a tax credit system because of the practical difficulties involved.

Union 'no' to hiving off defence work

By Our Labour Staff

The largest Civil Service union has called for an independent investigation into the Government's plan to hand Ministry of Defence contracts to private companies. The Civil and Public Services Association said such a move would reduce public control of the country's defences.

The association also criticized government studies on the possible selling of the Atomic Weapons Research Establishment at Aldermaston to private enterprise.

Mr Geoffrey Lewtas, the union's section secretary for the Ministry of Defence, said yesterday: "Contracting out work reduces the level of government control over our defences, and amounts to little more than the Government's paying off its political debts."

The union argues that transferring administrative work from Servicemen to civilians to free the Servicemen for more important duties could save the Government up to £300m a year in salaries.

Union officials said there was great bitterness among clerical staff at the ministry at the rundown of civilian employment. Mr Lewtas said that over the past 10 years staff had been reduced by 150,000 and cuts of a further 35,000 posts were planned.

The union is also critical of what it believes are government plans to sell royal ordnance factories, which employ about 22,000. It maintains that there will be no overall saving in costs.

Shows to close as London audiences fall

By Martin Huckerby
Theatre Reporter

The Streets of London, the musical by Dion Boucicault at Her Majesty's Theatre, in London, is to close on Saturday, January 31, after a run of only three months because audiences have fallen to a level at which it was no longer economical to continue.

The production, first presented at the Theatre Royal, Stratford East, last March, did very well during the Christmas period; but since then audiences have dropped; and with a large cast and an orchestra, the show proved too expensive.

After the end of the holiday season, West End theatre audiences have been generally declining, and several shows are closing. Another musical, The Biography Girl, at the Phoenix Theatre, closed earlier this month after a run of only two months; The Dresser, at the Queen's Theatre, since last weekend; The Last of Mrs Cheney, at the Cambridge Theatre, closes next Saturday; and Middle Age Spread comes to an end at the Apollo Theatre on February 7 after a long run.

BMA head foresees 2000 doctors on the dole

By Nicholas Timmins

Doctors are facing a growing risk of unemployment, Dr Michael Lowe, head of the British Medical Association's hospital division, said yesterday.

"It is a question of health authorities cutting back, coupled with the fact that we are taking on the pumping people through medical schools," Dr Lowe said. "This is making the profession extremely concerned about unemployment."

Figures published last summer showed that 400 doctors were unemployed, "but all the indicators lead us to believe that we are heading for considerable medical unemployment."

Health authorities were not filling consultancy posts of doctors who had retired or retired. Oxford area health authority had proposed a cut of 27 junior hospital jobs and several authorities were trying to reduce the numbers of locum doctors employed. Applicants for partnerships in general practice were increasing.

"If the current trends continue we believe that within three years we shall have 2,000 to 3,000 doctors who cannot find regular employment," Dr Lowe said. He believed there should be a cut to 2,700 a year in the intake of medical students, now about 3,900 and due to rise to more than 4,000.

Foster-mother detained for killing child

From Our Correspondent
Leeds

A foster mother killed a baby she was about to adopt because she could not bear his screams, Leeds Crown Court was told yesterday.

The local authority's social services department ignored Mrs Susan Frankland's requests to remove the child from her care, it was stated.

Daniel Frankland, aged seven months, sustained multiple bruises and other injuries and suffered a heart failure. Earlier Mrs Frankland had told her family doctor confidentially that she had injured the baby.

After Mr Justice Tudor Evans made a detention order under the Mental Health Act on Mrs Frankland, who had admitted manslaughter through diminished responsibility, Bradford Metropolitan Council opened an inquiry into the case.

Mrs Frankland, aged 28, of Keighley, West Yorkshire, fostered the boy whose original name was Christopher Pinder, after seven years of marriage.

Mr David Robson, QC for the prosecution, said that Mrs Alice Pinder, aged 55, the secretary of a local foster-care association, told the council's social services department that she did not think Mrs Frankland could cope. But the council said no specific complaint was made.

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Wildfowler drowns as two are saved in rising tide

From Our Correspondent
Dumfries

A wildfowler drowned in the Solway Firth yesterday as two of his companions were rescued by helicopter. A fourth member of the party who watched their struggle from the shore was given sedation for shock.

Two of the men had set out at first light from Burnfoot, New Abbey, near Dumfries, but became trapped on a sandbank by the incoming tide.

As they stood helpless in rising water, cut off from shore by a deep channel, one of their companions saw them and raised the alarm. Mr Stephen Latham, aged 40, of Melton Mowbray, Leicestershire, helped by Miss Elma Stitt, who lives near by, launched an inflatable dinghy.

Miss Stitt said: "The current was so strong that we were forced back, but then I managed to push the boat with one of the men in it into the current."

"By this time one of the trapped men was up to his neck and the other was chest deep."

Mr Latham managed to see the dinghy near enough to M Mark Naylor, aged 20, of Leicester Forest East, Leicestershire, trapped on the sandbank, to tell him to stay at the point. A Royal Navy helicopter from Prestwick arrived and winched the two from the water. The third man had disappeared from the dinghy the day after the rescue. The body of the third man was recovered 18 hours later by the helicopter.

Two convicted of racial hatred plot

From Our Correspondent
Birmingham

Two members of the British Movement were found guilty at Birmingham Crown Court yesterday of a conspiracy to foment racial hatred by the use of stickers attacking Jews, communists and coloured communities. They will be sentenced today together with five other men who have pleaded guilty to the illegal possession of firearms, including a Sten gun and ammunition.

Roderick Lewis Roberts, aged 27, of Longbridge, and Harvey Stock, aged 40, of Bournville, both of Birmingham, were found guilty of plotting to distribute threatening, abusive or insulting material likely to stir up racial hatred. They had denied the charge.

Mr Justice May ordered the stickers to be destroyed.

£42,000 damages over dead Christmas trees

From Our Correspondent
Suffolk

A country rector received £42,000 towards his church restoration fund in the High Court yesterday. The Rev Edgar Pearson, aged 63, received the award of damages after Mr Justice Gibson ruled that a weed killer made by Fisons caused Mr Pearson's Christmas trees to wither and die.

Mr Pearson grew Christmas trees to raise cash to pay for the restoration of the eleventh-century St Mary's Church at Dallinghoo, near Woodbridge, Suffolk.

The crop appeared to be doing well but did not do so after being treated with the weed killer, Altrazine 50.

In October the judge ruled that Fisons must pay, but adjourned the question of damages to allow the parties to agree on a figure. He assessed the damages yesterday after lawyers failed to agree.

The parochial church council had claimed damages of £282,284 for alleged misrepresentation, breach of contract and breach of warranty arising out of the use of the weed killer.

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Fourth Rampton charge

By a Staff Reporter

A fourth charge at Rampton high security hospital, in Nottinghamshire, has been charged with allegedly ill-treating a patient, and the decision to take proceedings has been approved by the Director of Public Prosecutions (DPP).

The nurse, Harry Dexter, is to appear in Mansfield Magistrates' Court on February 19. He is charged with ill-treating Mr Richard Wianik, a patient who was receiving treatment for mental disorder, contrary to Section 126 of the Mental Health Act, 1959. The alleged incident took place on February 5, 1979.

Section 126 of the Mental Health Act says that it is an offence for psychiatric staff to ill-treat a patient in their care. The maximum punishment for those convicted of such an offence is two years imprisonment and a fine or both.

Goldsmith case appeal fails

From Our Correspondent
London

Michael Gillard, a journalist, who had been called a black-matter by Sir James Goldsmith, has failed to win an appeal against a ruling by the Court of Appeal yesterday.

The court dismissed an appeal by Mr Gillard against a jury's verdict that Sir James had not slandered him by accusing him of using blackmail to get a story. Leave to appeal to the House of Lords was refused.

Weather forecast and recordings

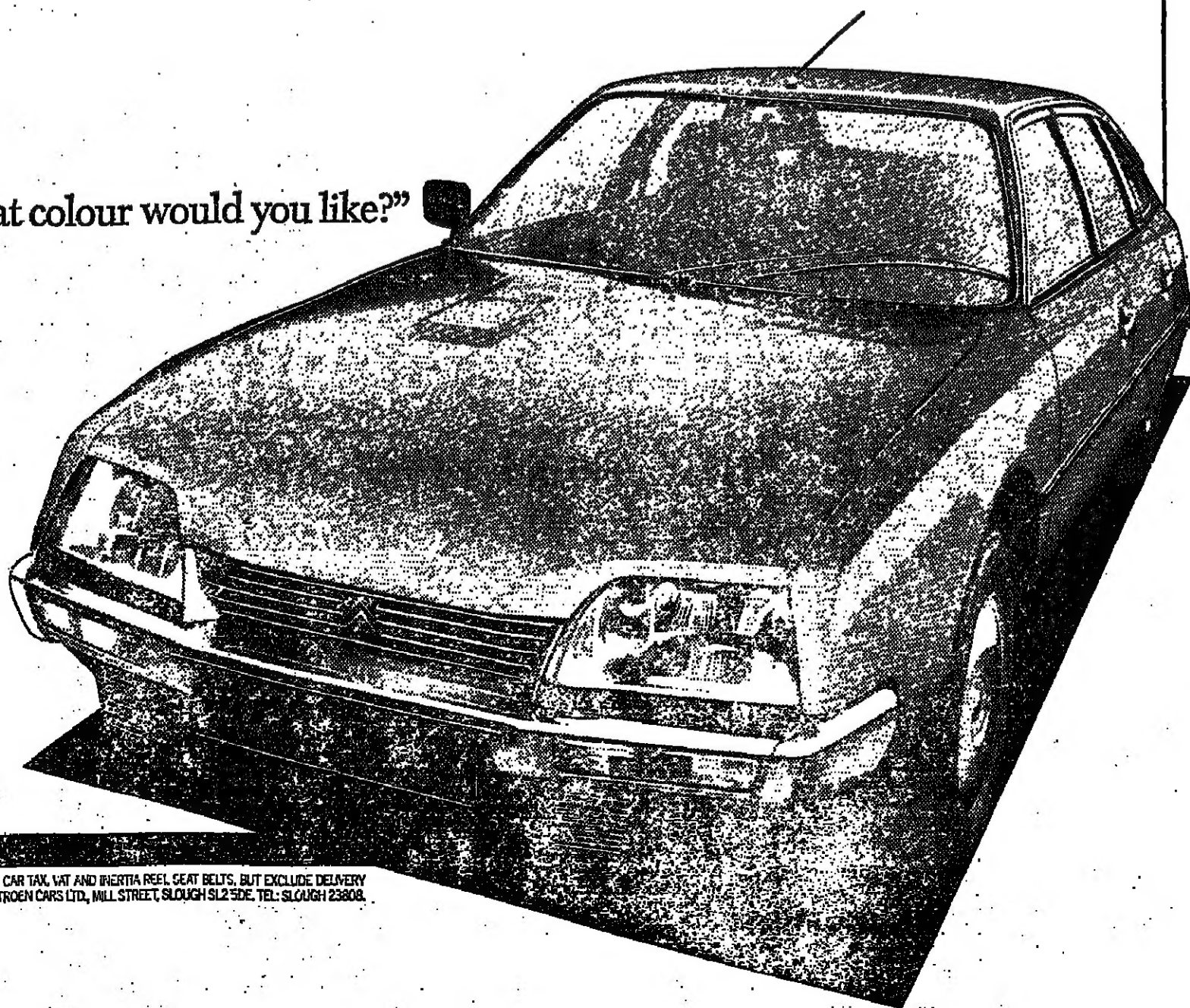
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London: 10.5, 11.5, 12.5, 13.5, 14.5, 15.5, 16.5, 17.5, 18.5, 19.5, 20.5, 21.5, 22.5, 23.5, 24.5, 25.5, 26.5, 27.5, 28.5, 29.5, 30.5, 31.5, 32.5, 33.5, 34.5, 35.5, 36.5, 37.5, 38.5, 39.5, 40.5, 41.5, 42.5, 43.5, 44.5, 45.5, 46.5, 47.5, 48.5, 49.5, 50.5, 51.5, 52.5, 53.5, 54.5, 55.5, 56.5, 57.5, 58.5, 59.5, 60.5, 61.5, 62.5, 63.5, 64.5, 65.5, 66.5, 67.5, 68.5, 69.5, 70.5, 71.5, 72.5, 73.5, 74.5, 75.5, 76.5, 77.5, 78.5, 79.5, 80.5, 81.5, 82.5, 83.5, 84.5, 85.5, 86.5, 87.5, 88.5, 89.5, 90.5, 91.5, 92.5, 93.5, 94.5, 95.5, 96.5, 97.5, 98.5, 99.5, 100.5, 101.5, 102.5, 103.5, 104.5, 105.5, 106.5, 107.5, 108.5, 109.5, 110.5, 111.5, 112.5, 113.5, 114.5, 115.5, 116.5, 117.5, 118.5, 119.5, 120.5, 121.5, 122.5, 123.5, 124.5, 125.5, 126.5, 127.5, 128.5, 129.5, 130.5, 131.5, 132.5, 133.5, 134.5, 135.5, 136.5, 137.5, 138.5, 139.5, 140.5, 141.5, 142.5, 143.5, 144.5, 145.5, 146.5, 147.5, 148.5, 149.5, 150.5, 151.5, 152.5, 153.5, 154.5, 155.5, 156.5, 157.5, 158.5, 159.5, 160.5, 161.5, 162.5, 163.5, 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HOME NEWS

Local prison dispute delays return to cells

By Peter Evans
Home Affairs Correspondent

Some of the people held in emergency accommodation because of the prison officers' dispute were being moved to normal prison cells yesterday, but industrial action continued in about 25 establishments, the Home Office said.

Officers there are rebelling against an instruction by their union's national executive to call off the action by midnight last Saturday in response to an offer from the Home Office. Measures being taken include a refusal to accept more inmates than a prison is officially supposed to hold.

Mr Brian Baldwin, chairman of the Strangeways (Manchester) Prison Officers' Association, said members there voted yesterday morning by a large majority not to carry out the executive's directive. Mr Baldwin said there were 30 rebel branches. The official total of establishments is 125.

The rebel action will be discussed at a meeting of the executive on Thursday, which is also expected to have on its agenda the question of what to do about the deal offered by the Home Office. Mr Colin Steel, chairman of the Prison Officers' Association, has said that many branches had indicated that a ballot should be held: another option is to call a national delegates' conference.

National executive members are to address district meetings of local branch officers this week to explain developments. Many of the branches that have called off their industrial action have misgivings about the deal. The officers have failed to gain arbitration on a demand for back payments for meal breaks for those who have not so far obtained them, about half the strength of the service.

The officers will get the equivalent of 7.5 per cent on that basic pay if they accept the deal, which Mr William Whitelaw, the Home Secretary, has insisted is the way forward to a better day system. From now on meal breaks are 42-hour working week. There is to be a three-hour reduction in the net working week.

Since the dispute began the total prison population has fallen by about a tenth from 44,000 on September 30. The Home Office is carrying out a search into the nature of the fall.

The question is whether courts have made a permanent change in sentencing practices or whether figures will shoot up now that officers have been ordered to suspend their action.



Mr Timothy Flanagan, the potholer who was rescued in the Brecon Beacons yesterday, being carried from the cave.

Explosion in Iranian Embassy probably saved lives of hostages, chauffeur tells jury

By Stewart Teulier
Crime Reporter

A huge explosion as members of the Special Air Service Regiment rushed the Iranian Embassy in London stunned the terrorists inside and probably saved the lives of the hostages, who might otherwise have been killed, a jury at the Central Criminal Court was told yesterday.

On the third day of the trial of Fowzi Nejad, aged 23, who has pleaded not guilty to murdering two of the hostages, the court was also told that early in the six-day siege the terrorist leader, Mr. Morris, put his demands direct to Iran by telephone. Later, before the first of the hostages was killed, he was heard talking to the police on the telephone.

Mr Ronald Morris, the embassy chauffeur, said he was with the Iranian hostages in an upstairs room of the building in Prince's Gate, Kensington.

He could hear the terrorist leader talking to the police on a floor below. He told Mr Justice Park and the jury that the leader was discussing the use of a coach to go to the airport and suggesting Police Constable Trevor Lock, the police guard held by the terrorists, should drive it.

Mr Morris added: "I heard the shatter of glass. I saw three terrorists rush into the room and start firing at the Iranians. One of the three was Mr Nejad. Another was Faisal, the terrorist second in command. They stopped as suddenly as they had begun.

"This almighty explosion," he continued, "was so terrific they just put down their guns. Otherwise I think they would have killed everyone." The room was beginning to fill with smoke and the Iranians exhorted the terrorists to throw their weapons out of the window. The guns were thrown out of the window by the terrorists and the hostages. A grenade rolled across the floor and he tucked it in a fireplace.

"Everyone in the room started to shout 'surrender' and I shouted 'Surrender' in English," he said. "I said to myself, 'the obvious thing to do is to open the door so that when the police come up the stairs they can see... everyone was surrendering'."

He opened the door and waited with everyone else. When the SAS arrived the first man was dressed in black with a mask and he held his gun out in front of him shouting: "Don't move. Don't move. Don't move."

As Mr Morris repeated the words to the court he held his hands out in front of him saying: "The SAS man was saying 'I'm British' and moments later he was being hustled out of the embassy."

Earlier he described how on the morning on that last day he heard Mr Abbas Labasani, the assistant press attaché, talking to the police. Mr Morris said: "I heard his voice saying 'I am one of the Iranian hostages. My name is Labasani'. The terrorist leader said 'No names. No names' and then I heard a burst of gunfire."

When the terrorist leader reappeared, Mr Morris said, he asked if a hostage had been killed. The leader said: "Yes. Do you want to see the body?" Mr Morris said he added: "If you have killed a hostage you might as well kill us all. You will not get out of this place alive."

The terrorist replied that he and the others were all prepared to die. Mr Christopher Cramer, of the BBC, said that he was forced at gunpoint to telegraph a report from the embassy. He said: "The terrorists' leader cocked a pistol at the side of my head and told me to read exactly what was written, or else I would be in big trouble."

Mr Cramer, of Links Road, Acton, London, said he had gone on April 30 to the embassy with Mr Harris, a BBC sound recordist, to get visas to visit Iran when six gunmen seized the building, taking 29 hostages.

Salim, the terrorists' leader, gave him a document. Mr Cramer added: "On the back page was a threat to kill everyone in the place if their demands were not met."

Mr Cramer said that in the text room "As I put my finger in the dial Salim stopped me and cocked the pistol in the side of my head and said, 'If you do not telegraph exactly what you have written you will be in big trouble'."

As the siege went on Mr Cramer became so ill with stomach cramps that the terrorists decided to release him on the second morning.

Before I was released Sim Harris said to me: "You must not tell them anything outside. You are playing with our lives. They will kill us if you do."

Mr Simeon Harris told the jury that when the terrorists burst into the embassy he thought at first he was students planning a strike. Then he was threatened with guns," he said.

He described how he pleaded for Mr Cramer's release on humanitarian grounds as he was unwell. Eventually the terrorists agreed, but gave a warning against any tricks by the police during the release.

The terrorists threatened that if there was any kind of attack while Mr Cramer was being released, Mr Harris and the two British hostages, Police Constable Trevor Lock and Mr Morris, would be shot.

Mr Harris continued that when, on the Saturday, there was a broadcast in which the terrorists' demands were set out, there was a remarkable change of atmosphere. "Some of the terrorists were actually crying," he said. "Certainly some of the hostages were crying and hostages were hugging terrorists."

Mr Labasani, the first hostage to be killed by the terrorists, volunteered to die. Mr Harris said: "The press attaché was taken downstairs with PC Lock and himself. I thought it was ominous, for when they threatened to kill a hostage, Labasani had volunteered to be the first one to die," he said. The trial continues today.

Men on day rail ticket took £52,000 from train

From Our Correspondent Nottingham

Two market traders bought £11 cheap day return train tickets from Nottingham to London and returned with more than £52,000 they took from a guard's van on the return journey, it was stated at Nottingham Crown Court yesterday.

They left the station with a carrier bag bulging with seven million Spanish pesetas as well as German Deutschmarks, American dollars and travellers' cheques, it was added.

Mr Colin Morley, for the prosecution, said that Ronald Messon, aged 31, simply left his seat and went to the guard's van while his accomplice, Anthony Wilson, aged 22, kept watch. He found the van unmanned and the barred door of the mail section was open. He ripped the Royal Mail bags open and started to take the money, throwing unwanted registered letters out of the window.

The two men left the train at Leicester and took a bus home. Mr Morley added: "Their downfall came when they employed an accountant to change the money into English currency."

Mr Messon obtained £15,000 in banknotes, opened a bank account and bought himself a watch before detectives caught him. When interviewed he said there was a guard on the train but he kept leaving the van. He said he acted only 10 minutes after leaving St Pancras and no one was suspicious.

Mr Messon and Mr Wilson, both of Denman Gardens Road, Nottingham, pleaded guilty to jointly robbing the train. Mr Wilson was jailed for two years and Mr Wilson for six months.

Regional report

Ronald Faux Glasgow

on football crowd behaviour, the work of which has been the basis for the new law, regretted that the Government had included all the punitive measures from the committee with none of the educational proposals.

"There was a lot of material aimed at making the game more civilized to watch," he said. "I am particularly disappointed that bars inside the ground serving beer in cardboard cups are not to be allowed, even as an experiment."

To put in the draconian measures and leave out all the inducements will only breed resentment among the fans," Mr Desmond White, secretary and chairman of Celtic FC and a member of the McElhone committee pointed out that the club already had power to stop people entering the ground carrying drink. "But it is impossible to frisk everyone in a 30,000 crowd." The main idea of the new law was to remove the real offenders.

At Rangers FC a spokesman said: "We are doing everything we can to improve the behaviour of the spectators. The number of arrests has fallen in this year, probably by half, and several games have gone through without a single arrest. The new law will not stop abuse, but like a 30 mph sign we hope it will show things down."

The police found Mr Maher's palm print on a door at Mr Sinclair's flat in Kensington, London, he said. Papers found in the flat allegedly linked the defendant with drug traffickers in Australia and the Far East. The court was also told that the syndicate used a taxi driver to collect parcels from Heathrow airport, London, and deliver them to the addresses of gang members.

Five men, including Mr Maher and Mr Sinclair, deny murdering Mr Johnstone, whose body was found 15 months ago. With seven others, they also face two drugs charges.

Mr Maguire said that Mr Sinclair travelled under a false name to Los Angeles in August, 1979, with two women to negotiate for cocaine. The negotiations were abortive. On his return to London £48,000 was credited to a London bank account. It was later withdrawn in three transactions, allegedly to finance drug deals.

Counsel said Mr Sinclair had meetings with syndicate members close to Mr Johnstone "to make sure that they were difficult likely to arise after Martin Johnstone had been taken out."

It was absolutely essential that the death of Martin Johnstone did not interfere with the smooth running of the syndicate," he added. The trial continues today.

Radical changes for school rejected

Bedaies says head to resign in summer

By Diana Geddes

Education Correspondent

Mr Patrick Nobes, head of Bedales School, is to resign at the end of the summer term, the school announced yesterday. The school governors have rejected his proposals for radical changes in the school's academic life and in its relations with the outside world.

Bedales, founded in 1895, is one of Britain's best known co-educational public schools. Fees are £3,450 a year.

Lord Linley, Princess Margaret's son, was a pupil at Bedales for two years, his sister, Lady Sarah Armstrong-Jones, is still in the sixth form.

In a letter to parents Mr Nobes, who is 47 and has been head of the school for the past seven years, said that the decision to leave was not arrived at without much heart-searching. He had been very happy in "the strange and wonderful institution that is Bedales."

"But I realized some time ago that for me to stay until my retirement, which would mean my being headmaster for 19 years, might not be in the school's best interests, or good for me," he said.

Mrs Jean Gooder, chairman of the governors, said they regretted Mr Nobes's decision but understood why he should want to move while still young enough "to bring his considerable talents to another post," as well as his "natural disappointment at the governors' decision not to adopt his proposals for the school."

The proposals were in a confidential document the contents of which neither Mr Nobes nor the governors were willing to discuss yesterday.

He has proposed the development of a compulsory curriculum for all sixth-form pupils based on preparation for marriage, parenthood, family life. He is known to have been disturbed by the school's pupils of the breakdown of marriages.

Mr Nobes has also pressed Bedales to accept more pupils with disabilities.

He has also known to be anxious to increase his understanding of the interplay of humans in groups and suggested that modern psychology methods might be introduced to help with that and to improve pastoral care.

His views on the need for greater staff and pupil participation in decision-making in school, and for greater questioning of public school ideas, the head's traditionally authoritarian role may also have put him at odds with the governors.

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discuss yesterday. However, Mr Nobes, who was previous head of a Hertfordshire comprehensive, has made no secret of his views on education. He seems perhaps unconventional in the independent school world.

He is known to be a keen forger links between Bedales and the local community, including local maintained schools.

He has suggested, for example, that there should be less emphasis on school teams and more on teams drawn from the whole community that adults should be able to attend Bedales' sixth-form classes and that Bedales should take some of their sixth-form classes in maintained schools and colleges.

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Appointments Vacant also on page 23

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SUMMER IN THE SUN, Please see

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Salary scale: IR£5,056-IR£7,655 p.a. There is a non-contributory pension scheme. Appointment will be made within the range IR£5,056-IR£7,655 p.a. There is a non-contributory pension scheme.

Application forms and further particulars relating to this post may be obtained from: The Establishment Officer, West Theatre, Trinity College, Dublin 2.

Tel. 772341, ext. 1775. The closing date for receipt of completed applications will be Friday, 20th February, 1981.

Defence cuts details likely today

By Henry Stanhope
Defence Correspondent

Mr John Nott, Secretary of State for Defence, is expected to announce in the Commons today how the ministry will save £200m in its 1981-82 budget.

At least two missile and communication systems are threatened by cancellation or postponement. Recruitment and training are also likely to be cut.

The decisions on where economies would be made were taken by Mr Francis Pym before he left the ministry to become Leader of the Commons. It would seem that Mr Nott, who entered the post only a week ago, has done little more than rubber-stamp them.

It is understood that he has decided on an early announcement partly to end the uncertainty and speculation, which could have lowered morale.

There is also political advantage to be had in placing the onus of responsibility on the departed Mr Pym, allowing Mr Nott to start his tenure with a clean sheet.

The £200m cut was imposed by the Cabinet last November and is less than half the sum at first demanded by the Treasury. Mr Nott is said to have been one of the Cabinet's louder critics of profligacy at the defence ministry.

Further remains the threat of further economies in the year if the ministry is made to forfeit the amount by which it overpays its cash limits during 1980-81. A sum of £400m has been assumed by members of the media, but the final amount will not be known for some time.

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HOME NEWS

Volunteers are at the heart of providing social welfare, Mrs Thatcher tells the WRVS

By George Clark
Political Correspondent

No matter how rich Britain may become, there is no way and no Budget that could produce statutory social services to meet the needs of the country, Mrs Thatcher told the Women's Royal Voluntary Service's annual conference in London yesterday.

In the end, the Prime Minister said, real neighbourliness and understanding care came most naturally from those who chose to give it voluntarily.

"This enthusiasm for voluntary help is therefore not the result of the need to reduce government spending. It is as important at times of expansion and economic growth as it is during a recession," Mrs Thatcher said.

"There are those who carp, and imply that the volunteer is just a cheaper substitute for salaried staff; quite the contrary. The volunteer movement is at the heart of all our social welfare provision."

The statutory services were supportive, underpinning where necessary the work of voluntary groups, filling the gaps, helping the helpers. "They are vital in serving out the logistics, but the army in the field is overwhelmingly made up of volunteers," the Prime Minister said.

Local authorities, directors of social services, professional social workers and the specialist press were increasingly determined to shift the emphasis of statutory provision so that it became an "enabling" service, making it possible for volunteers to do their work more effectively.

Mrs Thatcher said there was a growing army of self-helpers, informal grass-root groups dedicated to meeting local needs in individual ways.

"Where it is where real hope lies," she said. They depended on the old-established organizations like the WRVS to provide them with the tools they needed to carry on their job.

"None of us need feel put out because some other group is tackling problems in a different way. Variety is one of the glories of the voluntary movement."

There need be no conflict between the newer organizations and the older ones. "It is only by recognizing that there are many things we cannot do as effectively as others that we free ourselves to do the things that we can do best," the Prime Minister said.

"That is a lesson Government has to learn all the time. We politicians and administrators must not forget that the state has a limited role. Yet it is so easy for people to expect the state to do more than it ought to do."

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Mrs Thatcher addressing the WRVS yesterday.

to do. There are real temptations for politicians to pretend that they are able to do much more than is ever possible.

"That is why I welcome the way in which we in Britain recognize that it is right for the Government to help independent voluntary bodies financially, because either they can do things which the Government cannot do, or they can do them better," Mrs Thatcher said.

Last year the Government gave about £85m in grants to voluntary organizations, and much of this was for the voluntary contributions from industry and individuals. It was to make this partnership easier that the last Budget included a £30m package of tax concessions designed to increase income from charitable giving.

Again, the Prime Minister said, this was done as a way of saving taxpayers' money. Government help to voluntary bodies had, in fact, been increased. That was intended to increase the independence of charities.

"If too much of the money comes from Government then too much of the direction of activity is dictated by the priorities of Government and too little by the demands of the situation on the ground."

"The vitality of voluntary organizations would be sapped if they made themselves the creatures of the Government," Mrs Thatcher said. "Forty-five charities are to ask the Government to withdraw a circular allowing health authorities to raise funds for the National Health Service."

The decision came after protests from the National Council for Voluntary Organizations that the circular would mean unfair competition for voluntary organizations from the NHS. The charities fear the health service will be able to attract funds for acute medical and surgical services at the expense of the charities.

Local authorities, directors of social services, professional social workers and the specialist press were increasingly determined to shift the emphasis of statutory provision so that it became an "enabling" service, making it possible for volunteers to do their work more effectively.

Mrs Thatcher said there was a growing army of self-helpers, informal grass-root groups dedicated to meeting local needs in individual ways.

"Where it is where real hope lies," she said. They depended on the old-established organizations like the WRVS to provide them with the tools they needed to carry on their job.

"None of us need feel put out because some other group is tackling problems in a different way. Variety is one of the glories of the voluntary movement."

There need be no conflict between the newer organizations and the older ones. "It is only by recognizing that there are many things we cannot do as effectively as others that we free ourselves to do the things that we can do best," the Prime Minister said.

"That is a lesson Government has to learn all the time. We politicians and administrators must not forget that the state has a limited role. Yet it is so easy for people to expect the state to do more than it ought to do."

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Whitehall brief: Speech that may harbingers far-reaching reforms by Labour

Better read the writing on the wall in Barnsley

By Peter Hennessy

Ask the average permanent secretary if he has weighed the significance of the fifth Dame Sara Barker Memorial Lecture delivered in Barnsley on a Saturday in December and you will, as like as not, be greeted with a look of blank incomprehension.

But the more far-sighted senior civil servants of this world would be well advised to send round to Labour Party headquarters for a copy because it might—just might—represent a significant harbinger of a root-and-branch reform of the Whitehall machine should a Foot administration take office.

It was delivered by Mr John Silkin, shadow Leader of the House, who has been giving what he describes as a very large remit, on the subject by Mr Michael Foot after the reshuffle of Shadow Cabinet portfolios. He told his South Yorkshire audience on December 13:

"There is a great need for change in the Civil Service. It is Establishment-minded and it is by its nature slow to act. A strong minister ought to be able to carry his department with him and if there is a battle between the politicians who are democratically elected and the civil servants who are not, it is up to the minister to win the battle."

This is going to be of crucial importance when we take power after the next general election. . . . We are likely to find ourselves inheriting an industrial desert almost equivalent to the position of the defeated countries in 1945.

We shall need the kind of ministry and ministers that are able to meet the problem and we shall find that the slow-moving bureaucracy we inherit will need to adjust itself to those changes.

Mr Silkin explained last week that he would spend the next year, with the help of his number two spokesman, Mr Charles Morris, former Minister of State at the Civil Service Department (a ministry Mr Silkin wants to retain), concentrating on themes to give substance to his Barnsley declaration.

He will, for example, be casting a sceptical eye on conglomerate departments such as health and social security. That particular one, he believes, was put together by Sir Harold Wilson in 1968 only to create a job suitable for Mr Richard Crossman. Other Whitehall citadels where he feels a winnowing out of functions may be necessary are the Department of Industry and the Treasury.

The days of a far finer body, the Central Policy Review Staff, or "think tank", with 16 members, may be numbered as well.



Mr John Silkin: "Great need for change in the Civil Service."

should Labour win power. It had never really impressed him, Mr Silkin said, because it took too academic a view of policy.

He is emphatic that his ideas are tentative at the moment and will need to go to the Shadow Cabinet when in a more finished form. But it seems likely that a Foot government could sound the death knell of the giant department and it is

significant, Mr Silkin says, that the Leader of the Opposition has already split health from social security in his allocation of frontbench briefs.

"Political imperatives" is a favourite Silkin phrase. The heart of the matter, as he sees it, is grafting them on to "an institution (the Civil Service) which has traditionally liked to give the impression that it has no great policy of its own, which is by no means true."

Mr Silkin starts with "a slight prejudice" towards the French cabinet system, where mixed teams of outsiders and specially chosen insiders work directly to ministers alongside the regular machine as a means of marrying policies endorsed at a general election with a politically neutral, highly intelligent, not to say, passive institution.

He takes seriously, too, his party's commitment to abolish the House of Lords and will spend part of this year working out a way of moving the office of Lord Chancellor and responsibility for the department that goes with it into the Commons without trespassing on the preserves of the Law Officers and the Home Secretary. There was clearly more to the Barnsley lecture than met the eye.

Jailed man calls judge 'a Hitler'

Judge Argyle, QC, was called "a Hitler" at the Central Criminal Court yesterday after he had sentenced a man to 10 years' imprisonment and fined him £20,000 for his part in burglaries in the London area.

Roberto Marcantonio Cohen, aged 35, an unskilled labourer, of Portland Road, Ashford, London, formerly of Albert Road, Beadon, shouted to the judge: "It is not justice; you are a bloody Hitler."

Mr Cohen, known usually as Marcantonio, struggled with two court officers as he was led away. He kicked the front of the dock and tried to jump over it before he was restrained.

Mr Cohen and another man, guilty to a total of 39 charges, mainly of handling stolen property. Mr Cohen alone pleaded guilty to 27 charges: one of plotting to handle stolen property, for which he received 10 years' jail, and the fine; 18 of handling; four burglaries; one attempted burglary; two charges of possessing firearms without a certificate; and one of failing to surrender to bail.

He received sentences varying from one year to five years for the other offences, all to run concurrently with the 10 years.

The judge said the value of the stolen property was about £400,000, of which less than a quarter had been identified.

Stephen Costello, aged 32, a self-employed mini-cab driver, of Welford Court, Westbury Estate, Wandsworth, London, was jailed for seven years. He pleaded guilty to plotting to handle stolen property, eight charges of handling and one of driving while banned.

Patricia Sheila Gentry, aged 33, also of Portland Road, Ashford, was jailed for three years. She pleaded guilty to plotting to handle stolen property, one charge of handling and one charge of corruption. She asked for 14 other offences of handling to be considered.

Low life in a village that sinks

From Ronald Kershaw
Barnsley

Mr James Broadhead, a night shift worker from Darton, near Barnsley, South Yorkshire, is taking the remaining five days of his annual holiday to catch up on lost sleep.

He is the latest victim of mining subsidence in a village where houses tilt crazily, roads and gardens collapse and National Coal Board contractors spend most of their waking hours repairing subsidence damage caused by the extraction of coal from Woolley colliery.

Mr Broadhead lives in one of a pair of semi-detached houses, 7 and 9 Bence Lane, which are affected by subsidence. The coal board rehoused his neighbours at number 9 and a week ago moved in workmen who from 8 am to 6 pm produce loud hammering and banging as they make repairs.

Mr Broadhead has been turned into one of the coal board's more severe critics. "When I come off night shift and try to sleep it is quite impossible. They might as well be hammering on my bedhead. I have reached the end of my tether and I am having to take my holidays just to get some sleep at night."

Mr Broadhead recruited the assistance of Darton Subsidence Action Group, whose chairman, Mr Donald Chamberlain, has written to Sir Derek Ezra, chairman of the National Coal Board, asking him to intervene.

Mr Broadhead said that the coal board had offered him temporary accommodation, but it was too far from the home of his daughter, who needed to be taken to care for his wife. A coal board spokesman said last night: "We would prefer not to comment until the chairman has received the letter outlining the problem."

Mr David Lane, the chairman of the commission, says in his letter that the rule should be replaced by the principle of whether the student intends to live in Britain.

That many black students are treated differently when they are in no real sense "overseas students" causes individual hardship and harms community relations, he says.

Plea to end rule on student fees

By Lucy Hodges

Six organizations have written to Mr Mark Carlisle, the Secretary of State for Education and Science, asking him to abolish the rule requiring students to have lived in Britain for three years in order to be treated as home students.

Recent immigrants are treated as overseas students and have to pay the new, higher fees for university and polytechnic courses.

The bodies objecting are the Commission for Racial Equality, the National Association of Teachers in Further Higher Education, the National Union of Students, the National Association for Multiracial Education, the Joint Council for the Welfare of Immigrants and the National Association for Teaching English as a Second Language.

Mr David Lane, the chairman of the commission, says in his letter that the rule should be replaced by the principle of whether the student intends to live in Britain.

That many black students are treated differently when they are in no real sense "overseas students" causes individual hardship and harms community relations, he says.

The council had looked at three development applications, and had selected one by Arrowcroft Investments. The market was needed to provide continuity of trading while redevelopment was taking place.

Mr Dennis Edson, of Arrowcroft, said the scheme took the character of the town firmly into consideration. The market traders were being catered for and would eventually have much better premises.

Double murder charge

Michael Scott, aged 20, was remanded in custody at Edinburgh Sheriff Court yesterday charged with the murders of Miss Margaret Anderson, aged 60, of Elgin Terrace, and Mrs Doris Watson, aged 52, of Moira Terrace, both Edinburgh, on January 11 or 12.

Mrs Sandra Birkett, formerly of Teynham, Kent, who was said to have become a compulsive chatterbox after she suffered here injuries in a road accident, was awarded £225,000 damages by Mr Justice McKinnon Davies in the High Court yesterday.

Canned meat warning
Canned meats carrying the Wals brand name which were sold recently may contain horsemeat. Matteson's Canned Meats said last night. The suspect products are steamed steak, streak and kidney pudding and steak and kidney pie.

Policeman accused
Police sergeant Malvern Montgomery Burnham, aged 36, was remanded on bail at Marlborough Street Magistrates' Court, London, yesterday, until January 30, charged with persistently oppressing for an immoral purpose.

Oarsman's death
The Royal Navy is to ask that Mr Kenneth Kerr, from Port Seton, near Edinburgh, the lone Atlantic oarsman, be officially pronounced dead. His boat, the Bass Conqueror, was found on Sunday about 70 miles off the Danish coast.

£52,500 damages
Lovell Chukwumaka, aged 12, of Finchley Road, Hampstead, London, who had been left a spastic quadriplegic after a road accident, was awarded £52,500 agreed damages in the High Court yesterday.

22,822 disconnections
The London Electricity Board headed the list of supply disconnections, with 22,822 during 1979-80 with 22,822 from an average of 1,493,910 consumers, it was stated in the Commons yesterday.

Waste advisory body to be scrapped
It was set up after the publication of the report Paper War on Waste, in 1974, and chaired jointly by the departments of industry and the environment.

Mr Thomas Burke, vice-chairman of Friends of the Earth and a council member, said yesterday that its abolition showed the Government's misunderstanding of environmental issues.

The Government has shown that in the name of the pursuit of revival it is prepared to let industry dump its costs on the consumer and taxpayer.

The momentum for a coherent strategy on issues such as rubbish disposal and recycling had gone, he said.

Mr Tom King, Minister for Local Government and Environmental Services, told members that the council did valuable work but that "more direct and informal cooperation" was needed because of limited manpower resources.

Police seek cars after party blaze

By Stewart Tendler
Crime Reporter

The police were searching yesterday for two cars seen near the house in New Cross Road, Deptford, London, where 10 teenagers died in a fire on Sunday morning. Two more people were still seriously ill yesterday after the blaze, which began as an all-night birthday party was closing.

Commander Graham Stockwell, in charge of the investigation, said yesterday that a white car was seen near the house 30 minutes before the fire and what is thought to be a second car was also seen. It was full of young black men.

The police, who believe the blaze could have been caused deliberately, are urging the young people who were at the party to come forward. One teenager believes he saw someone throw something through the window of the house shortly before the fire.

Mr Stockwell said there had been reports of a fight at the party, which attracted a number of gatecrashers. Those reports had been denied by the party organizers.

Denial on bogus arms certificate

The Zambian High Commissioner, Miss Chibesa-Kunda, is conducting "a thorough investigation" into allegations that a member of her staff had sold a bogus certificate for arms purchases, she told the Foreign Office yesterday. She had issued a vigorous denial to the press.

Allegations in The Observer said that an end user's certificate was obtained from the military attaché for £1,000, paid by members of the newspaper's staff posing as arms buyers.



A view of St John's Market, Stafford. More than 20,000 people have petitioned against a plan for its removal.

Heritage society and traders object to market project

By John Youngs
Planning Reporter

Next to the eleventh-century St Mary's Church in Stafford is a garden of remembrance dedicated to the dead of the First and Second World Wars. A notice urges people to treat it "with the respect and reverence due to their memory."

But respect and reverence are just what Stafford Council is accused of lacking in giving its approval for a new market in an adjoining car park. The Stafford Heritage Society says the proposed building is more suited to an industrial estate.

However, that is not just another dispute between a developer and a group of conservationists. More than 20,000 people have signed a petition against the project and the St John's Market traders have applied for an injunction to prevent their being evicted from the pleasant and popular Victorian building they now occupy.

Stafford, an historic town with fine buildings, has suffered more than most of its kind from unnecessary demolition and mediocre development. Support for the petition suggests widespread resentment at the imposition of further comprehensive schemes that appear to be more in the interests of developers than of those who might be expected to use them.

The society points out that the proposed development lies within a designated conservation area, and that it would be locked and deserted in the evenings and at weekends. It has urged councillors to visit Chesterfield, in Derbyshire, where a similar scheme was dropped in favour of rehabilitation and partial rebuilding.

Mr Robert Billington, chairman of the Stafford branch of the National Market Traders' Federation, says that all but a handful of stallholders have contributed to its campaign.

"My main objection is that we stand to lose our prime trading site in the centre of the town," he said.

Mr Billington and Mr Stanley Hewitt, secretary of the heritage society, say that the important decisions were taken by the council in private, and that the public was given only two days to inspect the plans.

Mr Ronald Humphries, the council's chief executive, said that the scheme had originated in its desire to dispose of the old Guildhall, which adjoins the market and which had become too expensive to maintain.

The council had looked at three development applications, and had selected one by Arrowcroft Investments. The market was needed to provide continuity of trading while redevelopment was taking place.

Mr Dennis Edson, of Arrowcroft, said the scheme took the character of the town firmly into consideration. The market traders were being catered for and would eventually have much better premises.

Mr David Lane, the chairman of the commission, says in his letter that the rule should be replaced by the principle of whether the student intends to live in Britain.

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Behind these great hotels, there's a great hotel name.

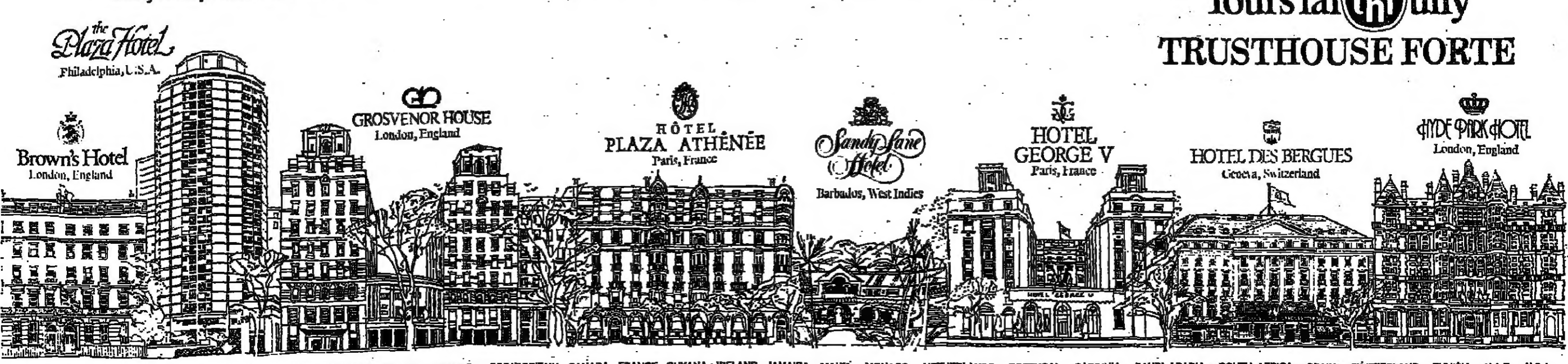
Every one of these exclusive hotels—all deservedly famous for their uncompromising excellence—offer unstinting care and attention to the international traveller. And familiar though you may be with one or more of them, what you may not know is that behind

every one stands the expertise and experience of Trusthouse Forte. Each of these exclusive hotels has its own distinctive character and style; with staff dedicated to maintaining the same high standards of excellence and personal care

that are found in Trusthouse Forte hotels the world over. We are very conscious of our responsibility in retaining all the character and heritage of our individual hotels, whilst offering all that is best in European

hotelkeeping traditions. Look behind the greatest hotel names and you'll find Trusthouse Forte: providing a quality of comfort, courtesy and consistent service that is truly unique. Yours faithfully

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PARLIAMENT, January 19, 1981

Gallons of petrol preferred to litres

House of Commons
Mrs Sally Oppenheim, Minister of State for Consumer Affairs, said during questions that personally she preferred gallons to litres, but the Government had no intention of changing the law. She said that the Government had no intention of changing the law, but she personally preferred gallons to litres. She said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

Less progress than wished over air fares in Europe

The opposition of other European countries meant that Britain was making less progress than it wished towards greater competition over air fares in Europe, Mrs Oppenheim said. She said that the Government had no intention of changing the law, but she personally preferred gallons to litres. She said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

Minister's pledge on doorstep deliveries

There was no question that doorstep deliveries of milk would be abolished, Mrs Sally Oppenheim, Minister of State for Consumer Affairs, said. She said that the Government had no intention of changing the law, but she personally preferred gallons to litres. She said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

Mr Whitelaw defends decision to repeal 'sus' law: police will not be left powerless

There had been a tendency among some people to suggest that the repeal of the "sus" law was a mistake, Mr William Whitelaw, Home Secretary, said. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

Manchester police chief under attack

A chief constable should be allowed to plan his resources in the event of a procession in his area, Mr Frederick Silvester, (Manchester, Wiltshire, C) said during a debate on the Greater Manchester Bill. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

EEC Commissions first report on US energy costs coming in February

It would be unrealistic to expect the EEC Commission to make a full and final report to the Council of Ministers at its February meeting about the unavailability of oil, Mr Patrick McNair-Wilson, (New Forest, C) said. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

Clause on interference with cars disliked

Mr Roy Hattersley, chief Opposition spokesman on home affairs, (Birmingham, Sparkbrook, Lab) said the Opposition did not support the clause on interference with cars. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

Inquiry into power link with France

Mr Don Dixon (Jarrow, Lab) asked the Secretary of State for Energy, when the decision would be taken on the location of the proposed 2000 MW power link between the United Kingdom and France. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

Aviation security levy kept at present level

There were no plans to reduce the rate of the aviation security levy, Mr Reginald Eyre, Under Secretary for Trade, indicated during questions. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

High standards at prison

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Exchange rate

Mr Nigel Lawson, Financial Secretary to the Treasury, said in a written reply that the direct effect of the increase in the exchange rate would be expected to be greater than that from a 1 per cent rise in the value of the pound.

New approach on Namibia is suggested

Lord Carrington, Secretary of State for Foreign and Commonwealth Affairs, said he would consider a suggestion by Lord Brockway (Lab) to achieve a ceasefire in South Africa. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

Parliamentary notices

House of Commons
Today at 2.30: European Assembly
Tomorrow at 2.30: European Assembly
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Archaeology report

Hambleton Hill: Defences for herds
The Hambleton Hill excavations since their inception, Dr Roger Mercer of the University of York, suggested that the area within the rampart was used for the exposure of human remains. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres. He said that the Government had no intention of changing the law, but she personally preferred gallons to litres.

Deep sea mining at crucial development stage

House of Lords
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WEST EUROPE

By-election result indicates that Mitterrand-Giscard contest would be close run thing

From Charles Hargrove, Paris, Jan 19

Political analysts have been examining the results of the second run-off ballot of yesterday's by-election at Les Andelys, in the Normandy department of Eure, to discover how Jacques Tautou, the Gaullist candidate, beat M. Marcel Lemaire, the Communist number one, by a comfortable margin of nearly 5 per cent.

The lessons are obvious: When the Gaullists and Giscardians are united, they can beat the left; and when the colours of the left are borne by the Communists, the voting discipline of some Socialists is not all that it should be.

This was the last electoral race before the presidential elections 100 days off, and the Giscardian UDF, which made a great effort between the two ballots to rally the doubters and the abstainers, has been rewarded.

The result was by no means a foregone conclusion. Although Les Andelys has been a safe Gaullist seat since 1953, the total of votes for left-wing candidates in the first ballot exceeded the Government majority by nearly 15 per cent.

It was a big handicap to overcome. But then neither the

Communists, nor the Socialists, did very much to encourage so-called "republican discipline" among their supporters, and first in the words of M. George Marchais, the Communist Party leader, openly suspecting the second of treachery and stratagems with the right; and the Socialists accusing the Communists of deliberately scuppering the left for their own advantage.

Things being what they are, as General de Gaulle used to say, they could have gone far worse for the left, most of the Socialist voters overcoming the Communist candidate to rally to his side, save for a thousand or so, who abstained, or switched to the Gaullists.

The left had done well in the earlier series of by-elections last autumn because the Socialists were carrying its colours into battle, and the Gaullists and Giscardians were fighting among themselves. Naturally, the Communists refuse to see it that way.

M. Roland Leroy, the editor in chief of *L'Humanité*, the Communist organ, and an influential member of the party, declared today that the setback at Les Andelys proved the "existence of a consensus between Gaullists, the UDF, and the Socialists" was due to the violent anti-Communist campaign of the Socialist press.

The Socialists have given it for rat. M. Charles Hernu, a member of the Socialist executive, remarked that "the Communist Party is thus paying for its brutal and anachronistic anti-Socialist campaign."

All this might seem very pariah pump were it not for the lessons that it holds for the presidential elections. If, as seems most unlikely, M. Marchais were the champion of the left in the second ballot of the presidential elections, it would not stand a ghost of a chance of beating President Giscard d'Estaing; but if it is M. François Mitterrand, the odds are, as things stand, pretty even.

The Socialist leaders' candidature is likely to be overwhelmingly endorsed by the party congress at Créteil, near Paris, next Saturday.

All this confirms the verdict of M. Michel Pinton, the delegate of the Giscardian UDF, a few days ago that the Socialists were far more dangerous to the Government majority now than the union of the left was defunct. He could have added that with one Giscardian candidate (the President) and most probably three Gaullists, the Government majority was hardly making a convincing bid for unity.



A shattered coach of the Paris underground express after a collision at Auber station yesterday. One person died and 71 were hurt.

China snubs Dutch for Taiwan sale

From Robert Schull, Amsterdam, Jan 19

China has carried out its threat to reduce diplomatic relations with the Netherlands from ambassadorial level to that of chargé d'affaires, Peking has warned the Dutch Government that it would do so unless the Dutch revoked their decision to sell two submarines to Taiwan.

The centre-right coalition of Christian Democrats and Liberals, led by Mr. Andries van Agt, last Friday stood by its decision to allow the sale despite the fact that the Netherlands formally acknowledged Taiwan's status as a Chinese province in 1972.

At a press conference Mr. Shen Zhihua, a spokesman for the Chinese Embassy in The Hague, said that if the Netherlands went ahead with the sale, present and future trade relations between the two countries would suffer severely. He said that the Chinese Government has been told that under the present circumstances it is not advisable for it to pursue its activities.

The Chinese diplomat did not rule out the possibility of a complete break in diplomatic relations. He added that the United States would suffer a similar fate to the Netherlands if it sold weapons to Taiwan.

Mr. Christoph van der Klauw, the Dutch Foreign Minister, has categorically denied that the Netherlands has been influenced by the United States in its decision to sell submarines to Taiwan. He also denied that influence had been exerted by advisers to President-elect Ronald Reagan.

The trial of eight anti-Franco militants which opened in Paris yesterday was held in a room which has been pardoned by the new democratic regime in Spain.

The militants are accused of kidnapping Señor Balharaz Angel Suarez, a Spanish banker, in May 1974. Some people who were held in Spain for allegedly taking part in the kidnapping have been released.

Señor Suarez, the manager of the Bank of Bilbao in Paris, was kidnapped from in front of his home at Neuilly, the smart Paris suburb, and released less than three weeks later when a ransom of 3m francs (about £276,000) was paid. The abduction was carried out by the Gari, the internationalist revolutionary action group, as a reprisal for the execution of Señor Puig Antich, an anti-Franco militant.

The Gari said at the time

Peg on green pound inflates UK food bill

From Michael Hornsby, Brussels, Jan 19

The European Community's tax on Britain's food imports rose to a record 13.5 per cent today and could go up to as much as 14.6 per cent next week in response to sterling's inexorable rise on the foreign exchange markets.

The increase in the tax results from the refusal by Mr. Peter Walker, Minister of Agriculture, Food and Fisheries, to seek a readjustment of the "green pound", the special exchange rate used in translating EEC farm prices into sterling to keep it in line with the soaring pound.

One consequence of this policy is that British consumers are being denied an average cut in food prices conservatively estimated at 2.6 per cent. It also adds to the Community budget since the proceeds of the tax are passed to Brussels.

Mr. Walker's defence is that abolishing the tax by revaluing the "green pound", which

would at a stroke cut EEC farm price guarantees by the full amount of the tax, would entail a savage loss for British farmers, outweighing what he sees as a marginal gain for consumers.

Mr. Walker also argues that the import tax, which acts as a corresponding subsidy on Britain's food exports, protects the competitiveness of at least one sector of her export trade.

Whatever the merits of these arguments, the policy pursued by Mr. Walker could present a corresponding subsidy on Britain's food exports, protects the competitiveness of at least one sector of her export trade.

Assuming that the pound stays strong, Britain will undoubtedly face severe pressure to revalue the "green pound" from other member states which resent the competitive advantage it affords her farmers.

However, any rise in the "green pound" will correspondingly reduce the benefit to British farmers of any general increase in farm prices that is agreed.

Governor's office blasted

From Harry Debelius, Madrid, Jan 19

The San Sebastian headquarters of the civil governor of Guipuzcoa, a Basque province, was blasted this morning by two rounds from a bazooka fired from a passing car. No one was hurt, police said.

The incident was the second of its type in 10 days in the Basque country. The previous attack was aimed at the civil

governor's office in the northern city of Pampuna, but it blew up a passing lorry instead, without injuring the driver.

In San Sebastian, "independent units" related to the military wing of the ETA wrecked a newspaper delivery van and its contents yesterday. Two hooded men placed firebombs inside the vehicle when its driver was delivering copies of the daily *La Gaceta del Norte*.

He has summoned to a meeting tomorrow evening representatives of the company and of the independent pilots' trade union, Anpac. The union is claiming an estimated 70 per cent salary increase.

Alitalia has kept skeleton domestic services going with the small number of pilots belonging to the three main trade union confederations: CGIL, CISL and UIL—which do not back the strike.

After announcing yesterday that all international flights were cancelled, Alitalia said today that during the week it has managed to arrange three return flights to Rio de Janeiro and Buenos Aires and one to New York.

Officials at London Heathrow said it was unlikely that there would be Alitalia flights to Italy this week.

OVERSEAS

Settlement ploy by hardliners of Knesset

From Christopher Walker, Jerusalem, Jan 19

Hardline ministers in the Israeli Government are proceeding with a controversial plan to increase the number and strength of Jewish settlements in the occupied territories in order to limit the possibilities of any being dismantled by a future Labour administration.

It was disclosed today that two new settlements are soon to be established in the occupied West Bank, while an attempt to set up three others is being challenged by Professor Yigal Yadin, the Deputy Prime Minister, who leads the Democratic Movement, the most dovish group in the coalition.

But the main failure for which he is now paying, the Russians assert, was his foreign policy, especially his "adventurism" and attempt to lead the country back into a cold war with the Soviet Union.

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Soviet anxieties about Mr Reagan temper jubilation over President Carter's departure

From Michael Binyon, Moscow, Jan 19

The Soviet attitude to President Carter and his Administration as they leave office can be summed up in the crude phrase: "Good riddance to bad rubbish." Indeed over the past few weeks the Russians have taken every opportunity to consign the outgoing American leader, in the Tass cliché, "to the dustbin of history."

Commentators have dwelt on the failures of the Carter Administration, which they say led to the President's defeat in the election. These include his economic policy, prices and unemployment, and his attempts to shift the burden of his difficulties on to the working people.

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record defence budget in spite of earlier promises to cut defence spending.

This reversal has been accompanied by the vociferous campaign around the so-called "Soviet menace" and a build-up of chauvinistic passions in the "United States," the paper said.

It noted that he had shelved ratification of Salt, broken off trade relations with the Soviet Union, called for a boycott of the Moscow Olympics and aggravated the international situation.

It sums up the Russians' complaints about the outgoing President, whom they never understood, distrusted and ended up disliking with an almost personal animosity. But above all it was Mr. Zbigniew Brzezinski, his national security adviser, whom they hated, seeing him as the hardline anti-Soviet adviser in the President's entourage.

Tass recently singled him out as the leading proponent of strategic encirclement of the Soviet Union through a global alliance between Nato, China and Japan.

It added: "History has not given Brzezinski any more time for the implementation of this crazy project. His anti-Sovietism has proved to be not only his own undoing but also that of the entire Carter Administration. Seven days from now this self-styled 'theorist' is departing for the political rubbish dump."

But as the Russians gleefully

await the departure of the Democratic Administration, a fresh worry has begun to surface: the realization that not all Mr. Ronald Reagan's tough talking can be put down to election rhetoric, and that the new President may prove to be as difficult to deal with as his predecessor, if not worse.

The press bent over backwards to give Mr. Reagan a cautious welcome after his election in the hope that "realism" would prevail when he came to power. But recently commentators have been preparing public opinion here for a new period of bad relations.

They are blaming President Carter for this, accusing him of using his last days in office to tie his successor's hands.

So far the Russians have been careful not to criticize Mr. Reagan personally, but they have vigorously attacked Mrs. Jeane Kirkpatrick, his nominee as American representative to the United Nations, for her support of the Government of El Salvador.

The Russians know that the causes of their present bad relations with America—such as Afghanistan—will not vanish with the Reagan Administration. They will do their best to give Mr. Reagan a honeymoon period, in the hope that they can get on better with him than Mr. Carter. But if this turns sour, as they already appear to be doing, they can soon expect the rough treatment the Russians meted out to his predecessor.

Suzuki tour dampens Asean expectations

From David Watts, Bangkok, Jan 19

Long before his arrival in Bangkok, Mr. Zenko Suzuki, the Japanese Prime Minister, had been expected to outline a new approach to the region at the conclusion of his tour.

As he progressed through the five countries of the Association of South-East Asian Nations (Asean), individual facets of his policy became clearer, most of them centring on economic questions.

As each of those facets has emerged it has somehow wetted the imagination that there would emerge in Bangkok a new, more active Japanese approach to the affairs of the region, particularly in the political field. But those who were expecting the sum of parts revealed during the tour to emerge as a greater whole have been disappointed.

The Japanese Prime Minister made a new call to the Vietnamese to respond "immediately and positively" to the demands of the negotiations for a ceasefire in Cambodia, which he said would be a prelude to a new Japanese initiative on Kampuchea.

But Japan, which has been expected to take a more active role in the region, was not able to point to any new way round the Indo-Chinese impasse.

One senior Japanese diplomat told *The Times* that Tokyo had been expecting to be in a position to announce a fresh initiative on Kampuchea but had encountered an enthusiasm for it during the tour.

In talks with the Asean leaders, the Japanese have apparently been trying to persuade them to abandon the idea of a United Nations conference on Kampuchea, which the Soviet bloc countries have said they will boycott, and for which Dr. Kurt Waldheim, the United Nations Secretary-General, shows little enthusiasm.

The Japanese feel that the Asean countries are wasting their time in continuing to

press for such a conference when it is quite plain that the principal participants, the Vietnamese and the Phnom Penh Government, would not be present. A more viable alternative, Tokyo felt, would have been a smaller gathering, perhaps under the aegis of the Japanese-French Friendship Association or some such regional organization.

The Asean countries, however, would hear nothing of it and told the Japanese that they were determined to go ahead with the idea of the larger conference.

Thus deprived of any new political initiative to announce in Bangkok, the Japanese party has been emphasizing that Japan, as a new, non-permanent member of the Security Council, will continue to press on with its efforts to find a solution to the Kampuchean problem through more conventional diplomatic channels.

Several times the Japanese Prime Minister has promised that Tokyo will continue to try to persuade the Chinese to emerge from their support for the Khmer Rouge in Kampuchea so that Vietnam's oft-quoted complaint about Chinese pressure will be invalidated.

The Japanese are also giving more financial help for the reconstruction of Thai villages displaced from the Kampuchean border region.

Mr. Suzuki, answering questions at a press conference in the Thai capital today, said that he had never envisaged his tour breaking new ground but rather as a visit to consolidate and enhance Japan's relationship with Asean.

If, ultimately, a Suzuki doctrine emerges from the visit, it will take the form of the kind of fundamental approach that Mr. Suzuki, as an agriculturalist, delights in: economic cooperation with the Asean countries, technical assistance, transfer of technology and cultural exchanges. But then that is scarcely new.

Survival of British monk 'a miracle'

Mendoza, Argentina, Jan 19

A British Benedictine monk, who for eight days without food downed Mount Aconcagua after getting lost near the summit. Doctors who examined him last night called his survival "a miracle."

A spokesman at Mendoza's military hospital said Father Piers Grant-Ferris, aged 47, was in excellent condition except for a single frostbitten toe.

The monk, an experienced climber, got separated from his companion, Ian Tattersall, on January 9. They descended after planning a small iron crucifix to mark the summit.

As military rescue patrols searched the 22,965-ft high mountain's north side, Father Grant-Ferris apparently meandered down the eastern face. A goat farmer near the village of Chacabuco, at 9,842ft, saw him walking down the mountain on Saturday and summoned an Army mule patrol.

A family spokeswoman said the climber told his mother, Mrs. Grant-Ferris, at his hospital bed that it was his final wish that he be buried in the snow. He walked for four straight days and nights before sleeping.

The monk was in a cheerful mood at the hospital, blessing everyone in sight. "I'm alive, I'm a miracle," he even said, a hospital spokesman said.—AP.

Mr. Marcos says he may relinquish power

Manila, Jan 19.—President Marcos today said for the first time he might step down from power. He announced the speech denying that the United States or public opinion in his country forced him to end the eight-year-old martial law regime last Friday.

The President gave no date for the ending of his reign. He has ruled the Philippines for 15 years. But he said: "There comes a time when a leader has to leave."

In his state-of-the-nation address before the interim National Assembly, he said he repealed his 1972 martial law declaration because "all factors seemed to be favourable" despite what he called "overwhelming public opinion to retain martial law."

The United States, he said, "never exerted pressure" for either the promulgation of martial law or its lifting, popular newspaper accounts notwithstanding.

Washington had "at times submitted requests concerning alleged treatment of political prisoners, but this was the most ever done."

President Marcos reaffirmed his pledge that a full National Assembly would be elected in about two years.

He said full legislative powers would now rest with the interim National Assembly.—Agence France-Press.

Approval for most of new US Cabinet

From David Gross, Washington, Jan 19

True to its word, the Senate today paved the way for most of the new Cabinet to be placed soon after President-elect Ronald Reagan is sworn into office.

At meetings on Capitol Hill today, various Senate committees gave the overwhelming support to several nominations to the Cabinet, including Mr. Casper Weinberger, the Defense Secretary-designate, and Mr. Donald Regan, the Treasury Secretary-designate. The full Senate is due to meet shortly after Mr. Reagan's inauguration at noon tomorrow to give its formal blessing to nearly all members of the Cabinet.

The exceptions will be Mr. Alexander Haig, Mr. Reagan's nomination for Secretary of State, and Mr. Raymond Donovan, the Labor Secretary-designate. Mr. Haig's formal confirmation by the full Senate is expected to be held up until Wednesday because at least one member of the Upper House requires time to make a long speech condemning his nomination.

Mr. Donovan's confirmation is likely to be delayed into next week while senators continue to investigate allegations that his New Jersey construction firm profited from the same local trade union for industrial peace.

All the prospective Cabinet members gathered today at Blair House, Mr. Reagan's temporary lodgings across the street from the White House, for another in a long series of preparatory policy meetings. Their deliberations were expected to focus on economic matters which the President-elect has made the chief priority of his Administration.

During these final days before his inauguration, Mr. Reagan has been sandviching his work sessions between more enjoyable pursuits like feasting privately at some of Washington's best restaurants and attending the occasional public event.

But since the end of last week when it seemed clear that the hostages in Iran might finally be returning home, the President-elect has had to take second-star billing behind President Carter. Whenever he has poked his nose out of Blair House in front of the television cameras he has inevitably been asked whether he has any new information about the fate of the hostages.

The inauguration ceremony and all its trappings, which began last Friday evening and will end with a series of balls, the early hours of the morning, is costing a record \$3m (£2.3m).

The Republican Party and its candidates have a reputation for organizing extravaganzas like inaugurations, with minutes of the ceremony being broadcast live. The arrangements for this year that there have been all sorts of unfortunate mishaps. The worst has been the disappearance of a block of tickets for the inaugural ball.

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IRAN HOSTAGES

'An unusual and extraordinary threat to the national security'

The ordeal that began in Tehran 443 days ago

Devastating defeat for Carter foreign policy when Shah was driven from throne

By Patrick Brogan
Washington, Jan 19

The conclusion of the long dispute between Iran and the United States over the 52 hostages held in Tehran, makes a melodramatic end to Mr Carter's presidency. Like the evacuation of Dunkirk, the recovery of the diplomats will be proclaimed as a victory when in fact it is a further reflexion of the serious defeat which Iran has constituted in American foreign policy.

The defeat was not the seizure of the embassy on November 4, 1979, it was the collapse of the Shah's regime. For the rest of his presidential term, nearly two years out of four, Jimmy Carter set forlornly in the ruins, like Marlon Brando in *On a Cold Day in January*. At last has come relief, and Mr Carter can return happy to Plains: The hostage crisis may have cost him re-election, but he redeemed the captives in the end.

The overthrow of the Shah, with all the consequences to Western positions in the Gulf that have followed, was a catastrophic defeat for America. Its effects were compounded by the President's reactions to the taking of the hostages.

That event was closely followed by two others that might be thought to reflect similarly on the decline of American influence.

On November 20, 1979, a Pakistani mob burnt down the American Embassy in Islamabad, with the connivance of the Pakistani Government. On December 2, 1979, a Libyan mob burnt down the American Embassy in Tripoli, under the direction of the Libyan Government.

Those episodes were handled, by Washington with admirable restraint, and have left few scars. Admittedly, the seizure of the entire staff of the American Embassy in Tehran was a more serious insult. One man was killed in Islamabad, whereas in the case of Iran, Ayatollah Khomeini held America hostage.

Nevertheless, Mr Carter over-reacted, and it is hard to dispute that he did so partly out of concern for his own domestic political difficulties.

An entirely valid historical parallel is possible. In January, 1968, another election year, the USS Pueblo was seized by North Korean ships and its crew interned. President Johnson got the crew back by quiet diplomacy (they were released just before Christmas) and steadfastly refrained from playing to the gallery.

When the American Embassy

in Tehran was occupied on November 4, 1979, Mr Carter's popularity was at a disastrously low ebb. The polls had persuaded Senator Edward Kennedy that the Democratic nomination was his for the asking, and he had arranged to announce his candidacy on November 7.

The date backed up Mr Kennedy. Mr Carter exploited the political advantage of the Iranian crisis for all it was worth. He refused to campaign, preferring to stay in the White House to help the hostages. In the event it was surprising that Mr Kennedy did as well as he did.

Mr Carter won the nomination, but by the time of the Democratic Convention in August, the party was badly split and the President had dispirited all the popularity he had won in the early days of the crisis by appearing "presidential" and effective.

Above all, his efforts failed to win the hostages' release. In an episode that came back to haunt him, on April Fool's Day, the day of the Wisconsin primary, which he feared Senator Edward Kennedy would win, the President, summoned reporters to his office and told them that a "major breakthrough" was imminent. The Iranian Government was about to take the hostages away from the students, he said.

He won the primary, but the hostages remained in the hands of the students. When a new flurry of reports that they were about to be released came just before the election, no one believed the President. People remembered Wisconsin, remembered the endless failures. It was enough to guarantee Mr Ronald Reagan victory.

It is unlikely that events in Iran had any effect on the Soviet decision to invade Afghanistan on Christmas Day, 1979. It played its part, however, in Mr Carter's reaction, which was as immediate as his reaction to the seizure of the hostages, though in a better cause.

He called it the most severe threat to world peace since the Second World War.

The Sak treaty, that should have been the capstone of Mr Carter's foreign policy, was lost in the rush. Mr Carter tried to lead his country to a boycott of the Soviet Union, and of the Olympics, and largely failed. It was a striking demonstration of the shrinking in American power that has occurred over the past 20 years.

It would be totally unjustified to blame it on Mr Carter.

Indeed, he was the unfortunate president who was first held to blame for a deterioration that began in the 1960s. Mr Reagan underlined this point in arguing that America is no longer as respected in the world.

The world would have followed President Eisenhower's lead, or President Kennedy's lead in responding to a Russian invasion of Afghanistan, as it refused to follow President Carter's.

It is probably small consolation to Mr Carter that his successor is going to discover very quickly that he, too, must put up with the same diminution in America's role in the world that so troubled Mr Carter.

It is easy now, after the event, to see that the Americans should have kept quiet when the hostages were seized. In retrospect, Mr Carter's various moves and statements seem futile and self-defeating, and the attempted rescue mission, on April 24, an act of desperation.

However, the cardinal error in judgment took place two years earlier, in 1978, as the Shah's empire unravelled and the Americans failed utterly to recognize what was happening. The last American ambassador in Tehran has recently claimed that if his advice had been heeded, late in the year, the Shah would have been quietly deposed by his own army and Dr Mehdi Bazargan would have taken over, to maintain close friendship with the United States and keep ayatollahs in their place.

It would have been a more convincing argument if he had advanced it six months earlier, before the summer massacres. As it was, Mr Carter supported the Shah to the bitter end, and has reaped the undying hostility of the new revolutionary regime.

After the failure of the rescue, Mr Zbigniew Brzezinski, Mr Carter's national security adviser, said that the operation told the world: "Do not scoff at American power, do not scoff at American resolve." In the context, it was an utterly famous remark but in a wider sense it was perfectly justified.

The United States remains an enormously powerful nation, whose strength and influence in the world could be greatly increased under a more clear-headed president and foreign policy establishment. Mr Carter's experience over the hostages is a text-book demonstration of how it should not be done, how to ensure that America should be scoffed at and its power underestimated.



Left to right: Thomas Ahern, aged 48; Clair Barnes; William Bell, 44; Robert Blucker, 52; Donald Cooke, 25; William Daugherty; Robert Englemann, 33; William Gallegos, 22, Marine Corps; Bruce German, 43; Duane Gillette, 24; Allan Golacinski, 29.



John Graves, 53; Joseph Hall, 31; Kevin Hermening, 20, Marine; Donald Hohman, 38; Leland Holland, 52; Michael Howland; Charles Jones, 40; Malcolm Kalp; Moorehead Kennedy, 49, Economic Attache; William Keough, 49, Director of the American School of Teheran.



Steve Kirtley, 22; Kathryn Koob, 43; Frederick Kupke, 33; Bruce Laingen, 57, Charge d'Affaires; Steven Lauterbach, 28; Gary Lee, 37; Paul Lewis, 23, Marine; John Lambert, 37; James Lopez, 22, Marine; Johnny McKeel, 27.



Michael Metrinko, 33; Jerry Miele, 42; Michael Moeller, 29, Marine; Bert Moore, 44; Richard Morefield, 51, Consul General; Paul Needham, 29; Robert Ode, 64; Gregory Persinger, 22; Jerry Plotkin, 47; Regis Ragan, 38.



David Reeder, 40; Barry Rosen, 36, Press Attache; William Royer, 49; Thomas Schaefer, 50; Charles Scott, 48; Donald Sharer; Rodney Sickmann, 22; Joseph Subic, 23; Elizabeth Swift, 39; Victor Tanseth, 39, Vice-Consul; Phillip Ward, 30. These names have been compiled from family and other sources as the United States has never yet published an official list.



The mangled wreck of an American helicopter following the abortive commando rescue mission last April.

The attack on the embassy

At 10 o'clock on Sunday, November 4, 1979, several hundred thousand Iranians were marching in the rain towards the university in Tehran to take part in a funeral ceremony for Iranian soldiers killed in Kurdistan, when some 400 students among the marchers suddenly changed course.

They headed for the United States Embassy, armed with clubs, climbed the outside walls and iron gates, and spread out across the inner park to the mission buildings.

Negotiations with embassy people who refused to let them in took two hours. Then the students launched their attack. American Marine guards threw a few tear gas bombs but were overwhelmed.

Everybody inside the embassy was taken prisoner by the youths, who called themselves "Islamic students" following the road traced by the Imam, Ayatollah Khomeini.

At 1 o'clock, the American flag was replaced by a piece of white cloth bearing the words: Allah Akbar (God is the greatest). Thus began the seizure of the American hostages, which was to widen into a protracted international issue.

At that moment, American diplomats and Marines were seen crossing the embassy courtyard blindfolded their hands tied behind their backs, escorted by young men and women all wearing portraits of Ayatollah Khomeini pinned to their clothing.

All prisoners were taken to the consular section, in another embassy building, and were promised they would not be harmed.

Security forces, police as well as revolutionary guards, meanwhile cordoned off the embassy, as the students announced their condition for the release of the hostages: the Government of the United States was to "deliver the Shah of Iran".

In the streets, tension was steadily mounting. An American flag was burnt before hundreds of people raising their fists. Anti-American slogans were shouted over a loudspeaker.

At irregular intervals, the embassy opened for Iranian employees of the embassy to be released. At 6 o'clock, reporters were let in. The students told the reporters that they had the support of Ayatollah Khomeini and that documents discovered at the embassy proved the absence of anti-American militancy on the part of the Iranian Government of the day, that of Dr Mehdi Bazargan.

By nightfall, the students settled in at the embassy, for much longer than anybody then suspected. —Agence France-Press.



Ayatollah Khomeini and (right) an effigy of President Carter goes up in flames in Tehran.

Saga of international failure and an abortive rescue mission

The following is a chronology supplied by the Associated Press of the United States hostage crisis in Iran:

Nov 4-10, 1979: Iranian militants seize the United States Embassy in Tehran and hold its staff hostage, demanding that the United States should return the deposed Shah Muhammad Reza-Pahlavi, who is in a New York hospital.

Nov 11-17: The United States refuses. The United Nations Security Council calls on the militants to free the hostages "without delay". President Carter orders the Justice Department to deport Iranians who do not comply with their student visa requirements.

Nov 18-24: As anti-American fervour builds up in Iran, Mr Carter orders a halt to oil imports from Iran and the freezing of Iranian assets in the United States. The Embassy militants release one Italian hostage.

Nov 25-Dec 1: The militants release 13 Americans—five women and eight black men—and five non-Americans, leaving about 50 Americans held. The Pentagon orders the aircraft carrier Kitty Hawk and five other warships to proceed to the Indian Ocean.

Nov 25-Dec 1: The United States asks the International Court of Justice at The Hague, for an emergency ruling against the seizure of the hostages in Iran.

Dec 2-8: The Shah leaves New York for a military hospital near San Antonio, Texas. Iranians vote for a new Islamic constitution giving Ayatollah Khomeini supreme power for

life. The United Nations Security Council votes unanimously to urge Iran to free the American hostages.

Dec 9-15: The American State Department orders the expulsion of 133 Iranian diplomats. The Shah flies to "temporary" exile in Panama. The International Court orders Iran to free the hostages.

Dec 23-29: Mr Ghorbadeh declares all the hostages will be tried if the Security Council imposes economic sanctions on Iran.

Dec 30-Jan 5, 1980: Dr Kurt Waldheim, the United Nations Secretary-General, arrives in Tehran but Ayatollah Khomeini refuses to meet him.

Jan 13-19: Ten of 15 Security Council members vote for economic sanctions against Iran, but the Soviet Union vetoes the resolution.

Jan 27-Feb 3: Mr Bani-Sadr is elected Iranian President. It is disclosed that six Americans who avoided capture at the embassy, had "slipped" out of Iran with Canadian help.

Feb 17-23: Dr Waldheim announces a five-man commission to investigate alleged crimes by the Shah and American involvement in Iran during his reign.

March 9-15: Ayatollah Khomeini bans a commission meeting with the hostages. The commission leaves Iran. Voting begins for Iran's new parliament.

March 16-22: Mr Hamilton Jordan, White House adviser, flies to Panama, supposedly to resolve a dispute involving the Shah's operation. Iran is scheduled to start extradition proceedings in Panama on March 24.

March 23-29: The Shah arrives in Egypt from Panama and his spleen is removed.

April 6-12: The United States breaks diplomatic relations with Iran, expelling its diplomats and imposing economic sanctions.

April 13-19: Mr Carter imposes more economic sanctions on Iran, bans travel there by Americans, except news correspondents, and says military action could be the next step.

April 20-26: American allies in Europe decide to reduce diplomatic staffs in Iran and promise to impose economic sanctions if no "decisive progress" is made over the hostages by May 17.

Early on April 25, the White House announces an American military force had to abort a secret mission to rescue the hostages because of the failure of three helicopters. Eight American servicemen are reported killed in a ground collision of a C-130 and a helicopter as the aircraft were preparing to leave the area. Iran says that the hostages are being moved from the United States Embassy to other parts of Tehran and to other cities.

May 1-7: Defying an American ban on travel to Iran, Mr Ramsey Clark, former Attorney General, and nine other Americans arrive in Tehran for a "crimes of America" conference of delegates from 50 nations.

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June 15-21: Authorities in Iran report a military plot to topple the Government. At least 127 members of the armed forces are reported to have been arrested and 150 others are being sought.

June 29-July 5: An Iranian Justice Ministry investigator says Marine Staff Sergeant Michael Moeller, aged 28, a hostage, will be tried on charges of seducing an Iranian woman who later was hanged by her brother as her punishment. In Cairo, the Shah undergoes surgery for the removal of fluid in his lungs.

July 13-19: An attempt is made in Paris to assassinate Dr Shapour Bakhtiar, the last Iranian Prime Minister under the Shah and leader of an anti-Khomeini exile movement.

July 27-Aug 2: The Shah dies in a Cairo military hospital and is buried two days later after a state funeral.

Aug 3-9: A hostage trial threat in Iran prompts US immigration officials to order the release of 191 Iranians detained in America.

Aug 10-16: Muhammad Ali Rajai is confirmed by the Majlis as Iran's Prime Minister.

Sept 7-13: Ayatollah Khomeini lists four conditions for the hostages' release, omitting a demand for an American apology for alleged past crimes. Ayatollah Khomeini's conditions: return of the late Shah's wealth, cancellation of American claims against Iran, unfreezing of Iranian funds in the United States, and American guarantees of no interference in Iran. Britain closes its embassy in Tehran as a protection against retaliation for what Iran says is ill treatment of Iranians in Britain.

Sept 14-20: Iraq abrogates a 1975 border agreement with Iran and fighting breaks out. Iran's four conditions "in principle" but Mr Hashemi Rafsanjani, Speaker of the Majlis, says that that is not enough.

Oct 14-20: Mr Rajai says the hostages could be home by Christmas if the United States gives a "guarantee" on Iran's financial demands.

Dec 21-27: On their second Christmas in captivity, the hostages are allowed to broadcast messages to their loved ones. Iran demands the United States deposit with Algeria the equivalent of \$24,000m in cash and gold—its estimate of the

Shah's wealth and frozen Iranian assets.

Dec 28-Jan 3 1981: After meetings in Washington and Tehran with Algerian mediators, Mr Behdad Nabavi, says Iran will listen to American counter-proposals if Algeria approves.

Jan 4-10: Three American diplomats held in Iran's Foreign Ministry since the seizure of the American Embassy are moved to a secret location. Mr Warren Christopher, Deputy Secretary of State, flies to Algiers.

Jan 11-17: Financial negotiations intensify. Iran agrees to delay discussion of return of the former Shah's wealth. Talks about frozen Iranian state wealth abroad totalling more than \$12,000m.

On Jan 14 Iran's Parliament approves an urgent Bill authorizing Algerian mediation, while Tehran radio reports that Washington has agreed to deposit 70 per cent of the frozen assets in Algerian banks.

On Jan 15, Iran sends Washington its "final terms", said to involve release of \$6,600m in Iranian assets frozen within the United States.

Jan 18-24: In Algiers on Jan 19, Mr Warren Christopher, United States Deputy Secretary of State, signs an agreement in which the United States agrees to transfer all Iranian assets within United States jurisdiction, terminate all United States court proceedings against Iran, to refrain from intervening in Iranian affairs.

IRAN HOSTAGES

Financial deal leaves Tehran free to make future borrowing

From Frank Vogl
Washington, Jan 19

A most complicated set of financial arrangements involving the Bank of England were hammered-out in the past 72 hours to secure the release of the American hostages.

The final financial terms agreed upon are more advantageous to international bankers than bankers had expected. In New York, bankers said today that it appeared the Iranian Central Bank wanted to make sure that, after these tense events, Iran would still be able to borrow money from foreign banks.

At issue was more than \$8 billion of official Iranian assets that had been frozen by President Carter in mid-November, 1979, when the United States Government discovered that Iran was about to withdraw all its holdings of dollars in American institutions.

The freezing of the Iranian assets came two weeks after the American diplomats were taken hostage.

American officials were refusing to divulge details of the financial deals until the hostages were set free. According to banking sources and some unconfirmed reports the arrangements have a number of separate elements.

A total of 1,632 million ounces of gold owned by Iran and held at the Federal Reserve Bank of New York has been credited to an official United States account at the Bank of England. The deal envisaged that the British central bank would then place the bullion in an official Iranian account.

Further, a total of about \$1,350m of Iranian holdings of official United States securities was to be liquidated with the cash passing from the New York Federal Reserve Bank to the Bank of England and on to the Central Bank of Algeria, which would then pass it along to the Bank Mercati, the central bank of Iran.

Approximately \$5 billion of Iranian funds were on deposit with five large American banks at the time that the freeze was implemented and approximately another \$1 billion was held by a number of other United States financial institutions.

Much of this cash was held on deposit at American bank branches in London with the London totals for the biggest institutions being: \$1,796m at the Bank of America; \$416m at Manufacturers Hanover Trust Company; \$332m at Bankers Trust; \$396m at Citibank; and \$321m at the Chase Manhattan Bank.

Many banks had claims on Iran for loans taken by Iran and not repaid. Under the complicated deals that were struck in the past few days, a total of \$3,500m of the bank deposits were to be used to pay-off outstanding Iranian loans to international banking syndicates.

The Bank of England was to play a key role in arranging this. A further sum of \$1,500m was to be placed in an escrow account managed by the Bank of England from which claims on Iran by banks and foreign companies could be made.

American bankers had not expected the Iranians to be so willing to use so much of the frozen assets for immediate repayment of debts to international banks.

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Document that opened prospect of freedom for American diplomats

Algiers, Jan 19.—This is the English text of the agreement signed today in Algeria by Mr Warren Christopher, United States Deputy Secretary of State, for the release of the American hostages.

Declaration
The Government of the Democratic and Popular Republic of Algeria, having been requested by the Governments of the Islamic Republic of Iran and the United States of America to serve as an intermediary in seeking a mutually acceptable resolution of the crisis in their relations arising out of the detention of the 52 United States nationals in Iran, has consulted extensively with the two governments as to the commitments which each is willing to make in order to resolve the crisis within the framework of the points stated in the resolution of November 2, 1980, of the Islamic Consultative Assembly of Iran.

On the basis of formal adherences received from Iran and the United States, the Government of Algeria now declares that the following interdependent commitments have been made by the two governments:

General principles
The undertakings reflected in this declaration are based on the following general principles:

A. Within the framework of and pursuant to the provisions of the two declarations of the Islamic Republic of Iran and the United States, the United States will restore the financial position of Iran, in so far as possible, to that which existed prior to November 14, 1979. In this context, the United States commits itself to ensure the mobility and free transfer of all Iranian assets within its jurisdiction as set forth in paragraphs four to nine.

B. It is the purpose of both parties, within the framework of said declaration, to implement the obligations set forth in this declaration and in the declaration of the Democratic and Popular Republic of Iran, to terminate all litigation as between the government of each party and the nationals of the other, and to bring about the settlement and termination of all such claims through binding arbitration.

Through the procedures provided in the declaration relating to the claims settlement agreement, the United States agrees to terminate all legal proceedings in United States courts involving claims of United States persons and institutions against Iran and its state enterprises, to nullify all attachments and judgments obtained thereon, to prohibit all further litigation based on such claims, and to bring about the termination of such claims through binding arbitration.

Non-intervention in Iranian affairs
1. The United States pledges that it is and from now on will be the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs.

Return of Iranian assets and settlement of United States claims
2. Iran and the United States (hereinafter the parties) will immediately effect a mutually agreeable central bank (hereinafter the central bank) to act, under the instructions of the Government of Algeria and the Central Bank of Algeria (hereinafter the Algerian central bank) as depository of the escrow and security funds hereinafter prescribed and will promptly enter into depository arrangements with the central bank in accordance with the terms of this declaration.

All funds placed in escrow with the central bank pursuant to this declaration shall be held in an account in the name of the Algerian Central Bank. Certain procedures for implementing the obligations set forth in this declaration and in the declaration of the Democratic and Popular Republic of Iran, to terminate all litigation as between the government of each party and the nationals of the other, and to bring about the settlement and termination of all such claims through binding arbitration.

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Mr. Christopher signs the agreement, watched by Mr. Muhammad Benyahia.

such a certification having been made, or if the notice of termination is delivered by Iran, the Algerian Central Bank will thereupon instruct the central bank to return all such monies and assets to the United States, and thereafter the commitments reflected in this declaration shall be of no further force and effect.

Assets in the Federal Reserve Bank
4. Commencing upon completion of the requisite escrow arrangements with the central bank, the United States will bring about the transfer to the central bank of all gold bullion which is owned by Iran and which is in the custody of the Federal Reserve Bank of New York, together with all other Iranian assets (or the cash equivalent thereof) in the custody of the Federal Reserve Bank of New York, to be held by the central bank in escrow until such time as their transfer or return is required by paragraph 3 above.

Assets in foreign branches of US banks
5. Commencing upon the completion of the requisite escrow arrangements with the central bank, the United States will bring about the transfer to the central bank, to the account of the States banks, together with interest thereon through December 31, 1980, to be held by the central bank, to the account of the Algerian Central Bank, in escrow until such time as their transfer or return is required in accordance with paragraph 3 of this declaration.

Assets in US branches of US banks
6. Commencing with adherence by Iran and the United States to this declaration and the claims settlement agreement attached hereto, and following the conclusion of arrangements with the central bank for the establishment of the interest-bearing security account specified in that agreement and paragraph 7 below, which arrangements will be concluded within 30 days from the date of this declaration, the United States will act to bring about the transfer to the central bank within six months from such date of all Iranian deposits and securities in United States banking institutions in the United States together with interest thereon, to be held by the central bank in escrow until such time as their transfer or return is required by paragraph 3.

As funds received by the central bank pursuant to paragraph 6 above, the Algerian Central Bank shall direct the central bank to (1) transfer one half of each such receipt to Iran and (2) place the other half in a special interest-bearing security account in the central bank, until the balance in the security account has reached the level of 1 billion dollars. After the 1 billion dollar balance has been achieved, the Algerian Central Bank shall direct all funds received pursuant to paragraph 6 to be transferred to Iran. All funds in the security account are to be used for the sole purpose of securing the payment of and paying claims against Iran in accordance with the claims settlement agreement.

Wherever the central bank shall notify Iran that the balance in the security account has fallen below 500 million dollars, Iran shall promptly make new deposits sufficient to maintain a minimum balance of 500 million dollars in the account. The account shall be so maintained until the president of the arbitral tribunal established pursuant to the claims settlement agreement has certified to the Central Bank of Algeria that all

arbitral awards against Iran have been satisfied in accordance with the claims settlement agreement, at which point any amount remaining in the security account shall be transferred to Iran.

Other assets in the United States and abroad
8. Commencing with the adherence of Iran and the United States to this declaration and the attached claims settlement agreement and the conclusion of arrangements for the establishment of the security account, which arrangements will be concluded within 30 days from the date of this declaration, the United States will act to bring about the transfer to the central bank of all Iranian financial assets (including funds or securities) which are located in the United States and abroad, apart from those assets referred to in paragraphs 5 and 6 above, to be held by the central bank in escrow until their transfer or return is required by paragraph 3 above.

Commencing with the adherence by Iran and the United States to this declaration and the attached claims settlement agreement and the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will arrange, subject to the provisions of United States law applicable prior to November 14, 1979, for the transfer of all Iranian properties which are located in the United States and abroad and which are not within the scope of the preceding paragraphs.

Notification of sanctions and claims
10. Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will remove all trade sanctions which were directed against Iran in the period November 4, 1979 to date.

Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will promptly withdraw all claims now pending against Iran before the International Court of Justice and will thereafter bar and preclude the prosecution against Iran of any pending or future claims of the United States or United States nationals arising out of events occurring before the date of this declaration related to (A) the seizure of the 52 United States nationals on November 4, 1979 (B) their subsequent detention in the United States embassy compound in Tehran after November 3, 1979, and (C) injury to the United States nationals within the United States embassy compound in Tehran after November 3, 1979, and (D) injury to the United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran. The United States will also bar and preclude the prosecution against Iran of any pending or future claims asserted by persons other than the United States nationals arising out of the events specified in the preceding paragraph.

Return of the assets of the family of the former Shah
12. Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will freeze, and prohibit any transfer of property and assets in the United States within the control of the estate of the former Shah

or any close relative of the former Shah served as a defendant in United States litigation brought by Iran to recover such property and assets as belonging to Iran. As to any such defendants, the freeze order will remain in effect until such litigation is finally terminated. Violation of the freeze order shall be subject to the civil and criminal penalties prescribed by United States law.

Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will order all persons within United States jurisdiction to report to the United States Treasury, within 30 days, for transmission to Iran, all information known to them, as of November 2, 1979 and as of the date of the order with respect to the property and assets referred to in paragraph 12. Violation of the requirement will be subject to civil and criminal penalties prescribed by United States law.

Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will make known to all appropriate United States courts that in any litigation of the kind described in paragraph 12 above the claims of Iran should not be considered legally barred either by sovereign immunity principles or by the act of state doctrine and that Iranian decrees and judgments relating to such assets should be enforced by such courts in accordance with United States law.

As to any judgment of a United States court which calls for transfer of any property or assets to Iran, the United States hereby guarantees the enforcement of the final judgment to the extent that the property or assets exist with the United States.

If any dispute arises between the parties as to whether the obligation imposed upon it by paragraphs 12-15, inclusive, Iran may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provision of, the claims settlement agreement. If the tribunal determines that Iran has suffered a loss as a result of the failure by the United States to fulfil such obligation, it shall make an appropriate award in favour of Iran which may be enforced by Iran in the courts of any nation in accordance with its laws.

Settlement of disputes
17. If any other dispute arises between the parties as to the interpretation or performance of any provision of this declaration, either party may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provision of, the claims settlement agreement. Any decision of the tribunal with respect to such dispute, including any award of damages to compensate for a loss resulting from a breach of this declaration of the claims settlement agreement, may be enforced by the prevailing party in the courts of any nation in accordance with its laws. Initiated on January 19, 1981.

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Deputy Secretary of State of the Government of the United States
By virtue of the powers vested in him by his Government as deposited with the Government of Algeria.

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arbitral awards against Iran have been satisfied in accordance with the claims settlement agreement, at which point any amount remaining in the security account shall be transferred to Iran.

Other assets in the United States and abroad
8. Commencing with the adherence of Iran and the United States to this declaration and the attached claims settlement agreement and the conclusion of arrangements for the establishment of the security account, which arrangements will be concluded within 30 days from the date of this declaration, the United States will act to bring about the transfer to the central bank of all Iranian financial assets (including funds or securities) which are located in the United States and abroad, apart from those assets referred to in paragraphs 5 and 6 above, to be held by the central bank in escrow until their transfer or return is required by paragraph 3 above.

Commencing with the adherence by Iran and the United States to this declaration and the attached claims settlement agreement and the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will arrange, subject to the provisions of United States law applicable prior to November 14, 1979, for the transfer of all Iranian properties which are located in the United States and abroad and which are not within the scope of the preceding paragraphs.

Notification of sanctions and claims
10. Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will remove all trade sanctions which were directed against Iran in the period November 4, 1979 to date.

Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will promptly withdraw all claims now pending against Iran before the International Court of Justice and will thereafter bar and preclude the prosecution against Iran of any pending or future claims of the United States or United States nationals arising out of events occurring before the date of this declaration related to (A) the seizure of the 52 United States nationals on November 4, 1979 (B) their subsequent detention in the United States embassy compound in Tehran after November 3, 1979, and (C) injury to the United States nationals within the United States embassy compound in Tehran after November 3, 1979, and (D) injury to the United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran. The United States will also bar and preclude the prosecution against Iran of any pending or future claims asserted by persons other than the United States nationals arising out of the events specified in the preceding paragraph.

Return of the assets of the family of the former Shah
12. Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will freeze, and prohibit any transfer of property and assets in the United States within the control of the estate of the former Shah

or any close relative of the former Shah served as a defendant in United States litigation brought by Iran to recover such property and assets as belonging to Iran. As to any such defendants, the freeze order will remain in effect until such litigation is finally terminated. Violation of the freeze order shall be subject to the civil and criminal penalties prescribed by United States law.

Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will order all persons within United States jurisdiction to report to the United States Treasury, within 30 days, for transmission to Iran, all information known to them, as of November 2, 1979 and as of the date of the order with respect to the property and assets referred to in paragraph 12. Violation of the requirement will be subject to civil and criminal penalties prescribed by United States law.

Upon the making by the Government of Algeria of the certification described in paragraph 3 above, the United States will make known to all appropriate United States courts that in any litigation of the kind described in paragraph 12 above the claims of Iran should not be considered legally barred either by sovereign immunity principles or by the act of state doctrine and that Iranian decrees and judgments relating to such assets should be enforced by such courts in accordance with United States law.

As to any judgment of a United States court which calls for transfer of any property or assets to Iran, the United States hereby guarantees the enforcement of the final judgment to the extent that the property or assets exist with the United States.

If any dispute arises between the parties as to whether the obligation imposed upon it by paragraphs 12-15, inclusive, Iran may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provision of, the claims settlement agreement. If the tribunal determines that Iran has suffered a loss as a result of the failure by the United States to fulfil such obligation, it shall make an appropriate award in favour of Iran which may be enforced by Iran in the courts of any nation in accordance with its laws.

Settlement of disputes
17. If any other dispute arises between the parties as to the interpretation or performance of any provision of this declaration, either party may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provision of, the claims settlement agreement. Any decision of the tribunal with respect to such dispute, including any award of damages to compensate for a loss resulting from a breach of this declaration of the claims settlement agreement, may be enforced by the prevailing party in the courts of any nation in accordance with its laws. Initiated on January 19, 1981.

Warren M. Christopher
Deputy Secretary of State of the Government of the United States
By virtue of the powers vested in him by his Government as deposited with the Government of Algeria.

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Deputy Secretary of State of the Government of the United States
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ARAB INTERNATIONAL BANK CAIRO, EGYPT INVITATION FOR PREQUALIFICATION FOR GENERAL CONTRACTORS

Since The Arab International Bank is now intending to start the construction of The Arab International Bank Centre, Cairo, Arab Republic of Egypt, general contractors are invited to submit a prequalification document. Even if previous prequalification documents have been submitted, contractors must resubmit in order to be qualified for consideration as bidders.

Contract documents were

IRAN HOSTAGES

Agreement for return of nationals may cost US \$10,000m and rules out all litigation against Iran

From Ian Murray, Algiers, Jan 19

The United States agreed to buy back the hostages under the terms of a complex and far-reaching agreement signed here early this morning after a feverish round of negotiations. Copies were first forwarded to President Carter for approval by the Algerian Embassy in Washington.

The total cost of meeting the terms is expected to be as high as \$10,000m (£4,125m) by the time all the lengthy procedures are exhausted.

On the credit side, President Carter will be able to leave the White House knowing that it was he who eventually negotiated an end to the hostage crisis, which had turned the last 443 days of his term into a nightmare.

The terms cover the four conditions put forward by Ayatollah Khomeini on September 12 as prerequisites for a deal. They include a pledge of non-interference in Iranian affairs; the freeing of all frozen Iranian assets; dropping legal and financial claims against Iran; and return of the late Shah's wealth.

Reaching agreement on the first point was simple. The declaration takes only four lines of the text: "The United States pledges that it is, and from now on will be, the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs."

The rest of the 12 foolscap pages deal with the more complex money matters. They contain only the briefest reference to the hostages, and the declaration reads for the most part like a complicated financial transaction between two suspicious trading partners rather than a document on which so many human lives and so much national pride depend.

The hostages are referred to as "little more than objects on the commodity market. Under the terms of the declaration they even lose their right to sue Iran for damages."

Basically, the agreement is that the United States will restore the financial position of Iran, in so far as possible to that which existed prior to

November 4, 1979. In this context the United States commits itself to ensure the mobility and free transfer of all Iranian assets within its jurisdiction.

As to legal proceedings: "It is the purpose of both parties to terminate all litigation between the government of each party and the nationals of the other party to bring about a settlement of all such claims through binding arbitration."

Equally, "the United States agrees to terminate all legal proceedings in American courts involving claims of United States citizens and institutions against Iran and its state enterprises."

Crucial to the entire arrangement is what is referred to as the "central bank," which is the Bank of England. Its role in the deal is to act as the depository for all the money. The Bank is to open a special account for the Algerian Central Bank, into which will be paid all the funds deposited in escrow with the Bank of England.

The depository arrangement shall provide that, in the event that the Algerian Government certifies to the Algerian Central Bank that the 52 United States nationals have safely departed from Iran, the Algerian Central Bank will instruct the central bank to transfer immediately all monies or other assets, if either Iran or the United States wants to end the agreement they will have to do so before the hostages leave Iran in those circumstances all money would be returned to the United States.

The declaration details the manner in which the different assets of Iran are to be freed. Those in the Federal Reserve Bank, which include gold, and assets to amount to \$2,500m are to be sent straight to the central bank. Those held in foreign branches of American banks—mainly London and Paris—worth about \$4,000m are to be paid over, complete, with all interest earned until the end of last year.

Assets in local branches of American banks, another \$2,500m, will have to be paid into an interest-bearing account set up by the central bank. The

Algerians will transfer half of this money to Iran and hold the rest. This money is to be used for settling claims for which Iran may be held responsible by an arbitration tribunal.

Similarly, all other financial assets are to be paid into the special account at the central bank, while all Iranian properties are to be transferred to Iran. This clause could cover military equipment paid for, but not yet delivered to Iran.

On release of the hostages all trade sanctions against Iran are to be lifted and the United States Government will withdraw all claims against Iran at present before the International Court of Justice.

The American Government "will thereafter bar and preclude the prosecution against Iran of any pending or future claim" arising from the capture of the hostages, their detention, or any injury caused to them or their property. According to the declaration their capture was "a result of popular movements in the course of the Islamic revolution, which were not an act of the Government of Iran."

As to returning the Shah's assets, everyone "within United States jurisdiction" who knows details about the Shah's property and that of his close family has to report to the American Treasury within 30 days. This information is to be sent to Iran and anyone failing to provide it will be subject to civil and criminal penalties under American law.

The declaration says that the United States Government will enforce any court orders on the return of the Shah's property and in the case of dispute there would be an arbitration process.

The system of arbitration, which is also to be used to settle existing claims against Iran, is the subject of the second declaration signed this morning. It sets up a nine-man body, with three American and three Iranian members, who jointly agree the three other members, including the president. This tribunal would probably sit at The Hague and is to be financed jointly by the two countries, and be working within four months.

History, the who, when and the wear

Old clothes have an extraordinary emotional appeal when you know the body that once filled out their empty folds.

Anna Pavlova's feet dance on for ever in her tiny, stained ballet shoes. Queen Victoria's ivory satin wedding dress with its handspan waist swells into the great billowing black bombazine dresses that she wore in her mourning years.

When I arrived at the costume department of the Museum of London, Kay Staniland, their dedicated Curator of Costumes and Textiles, was supervising the delicate restoration of a cream silk coat edged in flame silk and embroidered with jewels for the exhibition (January 27-March 22, closed Mondays) to celebrate the centenary of Pavlova's birth.

She was also taking in the costume department's latest acquisition—their first Punk outfit: a pair of leopardskin leotards, Dr Marten's boots, a hairy pink mohair sweater, all topped off with an old-soldier's coat.

What to hoard and what to throw away in fashion is a problem for all of us. For Kay Staniland the problem is much the same as ours, but on a grand scale. Behind the scenes at the Museum of London are racks of clothes, boxes of accessories, shelves of shoes, drawers of scarves, of fans, of umbrellas, of hankies. Behind cambric shrouds in a thermostatically controlled temperature are preserved fragments of social history and frozen images of historical events.

Here is Edmund Keane's coat in which he swash-buckled round the stage as Richard III. There is Margaret Thatcher's ice blue frock, a stiff relic of her early ministerial days. Here is Nijinsky's threadbare black coat, trimmed with a collar of wilting fur.

Did Princess Margaret really cause a stir by ordering from Dior that odd straw-embroidered organza dress for her 21st birthday ball? And was Queen Mary in 1935 really still wearing a column of lace redolent of an Edwardian afternoon?

Kay Staniland sees a great deal of history written in the clothes she and her tiny department collect, date, analyse and preserve. They launder the fabrics as carefully as a new born baby, with the purest of soaps, and Kay shudders for the fate of modern clothes steeped in biological detergents that will probably have eaten away the garments by the time future historians want to study them.

Although I was instinctively drawn towards the great occasion clothes and costumes, she is particularly interested in ordinary clothing as a record of London's social history. One of her proudest acquisitions is a traffic warden's outfit, for she is anxious not to miss the opportunity of charting working class dress and street wear.

Just now, the only people who get a chance to look at this splendid collection of London's fashion history are students and specialists, who make appointments in writing. If any of the Royal Family (who have no post-war clothes in this collection) offered the Museum their wardrobe, there would be a panic to find the space to store the garments and a touchy moment explaining to the donor why nothing can be put on show.

Because only a few crumbs of the collection can ever be displayed alongside the gilded coach and licking flames of the Great Fire, the Museum of London is hoping to set up a branch museum devoted to costume and textiles. They have the clothes and the expertise. What they need is money.

They also need Friends, which is the name given to the organization now trying to drum up the interest, enthusiasm and capital needed for the new branch museum. Founder members of the Friends of the Costume Department include such prestigious fashion names as couturier Hardy Amies and



Left: Marisa Martin.

Above: Romantic lace and ribbon top and skirt, for summer evenings or weddings, approximately £255

from Marisa Martin's new shop at 107-114 Parkway, London NW1.

Victorian pearl jewelry from a selection

at Knowles-Brown, 27 Hampstead High Street, London NW3.

Hair by Lundy at Toni and Guy.

Makeup by Arianne at Models One. Flower circlet made up by

David Shilling, 36 Marylebone High Street, London.

Photograph by Jeany

Marisa Martin makes the prettiest clothes. Her painter's eye for colour, her extraordinary collection of antique lace and her particular skill at interweaving shape, colour and texture make her clothes uniquely appealing.

Marisa's private passion is scuba diving, and her new shop looks like the home of a tropical fish swimming through the murky waters of Camden Town.

Against the lagoon blue walls and shell pink stairs wave fronds of lace, maybe just decorating the hem of a simple cotton dress, or clinging like barnacles to embroidery and beading.

Spanish-born Marisa has been collecting lace for the past 15 years. She scours the attics of factories in Switzerland for forgotten bags of old trimmings, and at the same time badgers the Swiss fabric makers into dyeing materials to her own specifications of colour or effect. Feathers finely embroidered as though they float across the fabric, or crunchy beading with the texture of animal fur.

Her clothes have the originality and exquisite detailing once associated only with haute couture. Part of the new shop is devoted to a collection of sample outfits that will be made to order as couture. This should be particularly successful, thinks Marisa, with wedding dresses, when it is far more helpful for the bride to make a selection from actual dresses rather than sketches.

The most luxurious evening gowns would cost around £650, but favourite purchases are Marisa Martin's romantic silk and satin blouses overlaid with lace like Restoration costumes (from £115).

For the summer there is a cheaper cotton collection and a group of jersey dresses which sell particularly well in America, as well as simple outfits in shot silk or shaded shantung.

Marisa Martin has had no formal fashion training, but originally studied painting, and her sense of colour comes over in all her clothes. This season her feeling is for burnt orange, aquamarine, olive green and desert sand, but some of the most beautiful dresses are in ivory or snowy white lace.

Is there still a place in our sporty age for romance? "My clothes are getting more casual. But there must be an element of glamour, and there is still a need for special occasion dresses," says Marisa, one of whose most beautiful lace dresses was selected by the Duchess of Kent.

"People who don't dress up still seem to want beautiful tops—even if they wear them with jeans."



Above left: Anna Pavlova in a pearl-encrusted head-dress and cream silk coat, edged in flame and decorated with jewels worn in The Russian Dance in 1910.

Above right: Pavlova in a sugar pink silk coat trimmed with swansdown over a beffulled white net dress from Christmas in the 1920s

To be seen at the Tribute to Anna Pavlova at the Museum of London from next Tuesday.

royal milliner Freddie Fox, as well as fashion enthusiasts like artist Elizabeth Suter and Lady Harlech.

Individual members can join for £5 a year. Further information can be obtained from the Costume Department, Museum of London, London WC2Y 5HN.

As an inveterate boarder, who lays down in my attic every garment I have ever owned, I feel a vested interest in preserving fashion for posterity. I am only sorry that I cannot make over the best of my clothes (and encourage you to do the same) to the Museum now.

But Kay Staniland does not want my 1960s miniskirts, my white Courrèges boots, my early hippie caftans and Mexican embroidered skirt. She does not even want your 1920s chinoiserie jacket or 1940s ATS suit.

At least, not until she has found some more space...

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Carrington move to free Britons

By David Spanier

Diplomatic Correspondent

Britain will take immediate action to lift economic sanctions against Iran, imposed by all EEC countries as a specific protest against the detention of the American hostages, when they are finally released. But normal diplomatic relations between the two countries will not be resumed while the four Britons held without charges continue to be detained.

Lord Carrington, the Foreign Secretary, flies to Brussels today for a Council of Ministers meeting at which the foreign ministers of the ten will discuss the move in their relations with Iran. Although he is expected to seek their support in pressing for the release of the detained Britons—Dr and Mrs John Coleman, Miss Jean Waddell and Mr Andrew Pyke—sanctions are a completely separate matter.

British policy, for the moment at least, will be to "wait and see", in the hope that the release of the American hostages will help to improve the atmosphere in Tehran and so ease the way through their situation is quite different—for the early release of the Britons.

There is no dispensation in Whitehall to make new demands or strike attitudes which might make it all the harder to persuade the Iranians to set the Britons free. The recent visit of the Archbishop of Canterbury's special envoy, conducted as a pastoral visit to the three missionaries, independently of the Foreign Office, suggested that the Iranian authorities now recognised that the allegations made against them were all false.

A report that the Iranian Government was seeking a barter deal for the release of the four, against Iranian students held in Britain, was treated circumspectly yesterday. The British Government was officially informed by a high-level Iranian delegation to London last November that the four were not regarded as hostages.

Meanwhile the one British official remaining in Iran is continuing to seek consular access to them, through the British interests section of the Swedish Embassy. The British Embassy staff were withdrawn last September but diplomatic relations as such were not broken.

Carter thanks for superb Algerian job

Washington, Jan 19—This is the full text of President Carter's announcement, early today on the signing of an agreement with Iran to end the hostage crisis:

I know you've been up all night with me and I appreciate it very much. We have now reached an agreement with Iran which will result, I believe, in the freedom of our American hostages. The last documents have now been signed in Algiers following the signing of the documents in Iran which will result in this agreement.

We still have a few documents to sign before the money is actually transferred and the hostages are released. The essence of the

Media mount million-dollar operation at air base

From Patricia Clough, Wiesbaden, Jan 19

One of the biggest media operations was awaiting the arrival of the 52 American hostages for a period of psychological warfare between captivity and their homecoming.

Staff of the United States Air Force hospital at Lindsey Air base in Wiesbaden were preparing rooms for the hostages on the third floor of the barracks-like but excellently equipped building.

There they will be examined, cared for and counselled by a team of American psychologists and doctors before being reunited with their families and returning to society.

Telephones are being laid out for them to talk to their relatives but they are expected to stay in the hospital for several days. "Welcome back to freedom" was daubed in large bold letters on a hangar at the bleak Rhein-Main military airport near Frankfurt where the hostages are due to arrive. Ribbons were draped around the entrance to the hospital about half an hour's drive away.

Nearly a thousand journalists, cameramen and technicians are estimated to have converged on Frankfurt and Wiesbaden as the

longest and most expensive "doorstepping" operation in media history neared its climax. American television networks have kept crews and equipment here for several months and now the end was in sight the journalist said, was "money no object".

Helicopters had been hired to follow the bus taking the hostages from the airport to the hospital, with floodlights if it happened at night. Once reunited on the subject, network staff were speaking openly of the cost of the operation, roughly a million dollars to date.

Ironically the chance of the media having any contact with the hostages is remote. Unless they specially wish it they will be advised not to speak to the press, until they have got their bearings again. Government psychiatrists have issued warnings that long periods of captivity can cause serious difficulties. Victims of similar experiences often suffer from irritability and physical disorders, their relationships with their families may prove difficult, existing psychological difficulties may be magnified and new fears and tensions created.

Russians stick to theory of imminent invasion

From Michael Blayton, Moscow, Jan 19

The Russians today angrily denied that they tried to complicate American negotiations with Iran on the release of the hostages by publishing reports of an imminent American invasion of Iran.

A Tass statement rejected the sharp criticism these reports brought forth over the weekend from Mr Edmund Muskie, the American Secretary of State, calling it a "deliberate attempt to delude public opinion in the United States and elsewhere" and a "slandorous bullbait". The agency defended its unsourced reports as representing the true state of affairs. "The entire world press, including that in the United States," it said, had spoken of the concentration of a powerful American force near Iran. This had not been denied in Washington. Tass said it had no clandestine motives in publishing the reports.

Meanwhile, the Russians have only briefly reported the

announced agreement on the hostages release. In a significantly brief dispatch from Washington today, Tass reported President Carter's announcement that agreement had been reached with Iran on the release of the hostages. But newspapers this morning carried no word of the negotiations in Algiers or of the hostages' impending release.

A Pravda commentator, discussing America's role in the Iran-Iraq conflict, said it was no secret that after the start of the war Washington turned the hostages into an object of "dishonest trade", which was typical of imperialism's policy of "carrot and stick".

In the course of its bargaining, the Communist Party newspaper added, Washington had at times used "alluring promises" at others "crude threats". The accusations were made by the commentator who said the weekend maintained that the Americans were about to launch an armed intervention

tween ourselves and the officials of Iran. We don't yet know exactly how fast this procedure will go. We are prepared to move as rapidly as possible, all the preparations have been completed pending the final documents being signed.

I will have more to say to you about our American hostages as they actually free. In the meantime (White House press secretary) Jody Powell will stay in close touch with developments, working with the Secretary of State, the Secretary of Treasury (and) my legal counsel Lloyd Cutler. I am talking frequently to (Deputy Secretary of State) Warren Christopher in Algiers, and Jody Powell will keep you informed about developments. —Reuter.

مكتبة من الأصل

TERMS FOR RELEASE

even some of the more fanatical elements in the Iranian leadership. The American and United Nations sanctions have damaged the Iranian economy, which was already in turmoil following the upheavals of the Islamic revolution. Equally important, the breakdown in relations with America meant that the Iranian armed forces found themselves fighting a protracted war with Iraq without spare parts and ammunition for the American military equipment supplied during the reign of the Shah.

It is significant that the first sign of movement toward compromise by Iran came in September, just as the Iran-Iraq border conflict was heating up and at a time when the American election campaign was at its height.

Economic cost of isolation

The Iranian leadership has been far from unanimous, however. Indeed it has zig-zagged from flexibility to intransigence, with the Ayatollah Khomeini himself often giving the lead, blowing now hot and now cold. The President, Abulhasan Bazi Sadr, has throughout taken the view that Iran should rid itself of the hostages problem, indeed should not have created it in the first place. This view is shared by the Western-educated young men around the President, many of whom are trained in economics and are only too well aware of the economic cost of political isolation.

Mr Reagan, the unknown factor

So the agreement is something of a success for President Carter, an achievement at the very last moment to crown an otherwise lacklustre stewardship at the White House. Yet what has driven the moves towards a resolution of the crisis is not so much Mr Carter's patient negotiations as the Iranians' apprehension over what the coming President, Mr Ronald Reagan, may or may not do. Mr Carter's initial response to the seizure of the hostages was able. It was not until six months later that Washington took up diplomatic relations with Tehran, some time after the United Nations Security Council had voted to impose sanctions against Iran. America, it is true, did impose a trade embargo of its own, and that has had some effect.

The general impression conveyed however was that, having failed to act decisively in the early stages, Mr Carter was left little option but to resign himself to drawn out and debilitating negotiations with an obdurate and unpredictable adversary. The abortive rescue mission ordered by Mr Carter was widely seen as a desperate throw by a man who realized that he ought to have acted swiftly and dramatically long before.

Over the fifteen months of the crisis, many Iranians have come to feel that the holding of the hostages was more trouble than it was worth, and the prospect of it dragging on into a Reagan Presidency must have alarmed

Arms warning for a new President

From Mr Anthony Rudolph
Sir, President Eisenhower, in his farewell address, stated: "In the councils of government we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defence with our peaceful methods and goals, so that security and liberty may prosper together. Disarmament is a continuing imperative. I lay down my official responsibilities in this field with a definite sense of disappointment. Twenty years later, almost to the day, President Carter in his farewell address devoted the main section to the problem of the growth of the 'superpowers' nuclear arsenals. "It may only be a matter of time before the madness, desperation, greed, or miscalculation lets loose this terrible force. For this generation, life is nuclear survival: liberty is human rights; the pursuit of happiness is a planet whose resources are devoted to the physical and spiritual nourishment of its inhabitants."

A President bidding farewell has no reason not to speak the truth. Both warnings were spoken from the heart. But a striking difference in tone may be discerned. Despite his disappointment about disarmament, there is a note of optimism in President Eisenhower's words, quite absent from President Carter's. Further, it is arguable that President Carter's warning is necessary because President Eisenhower's was not heeded. Time is short. Meanwhile, the Republic summons President Reagan.

Yours sincerely,
ANTHONY RUDOLPH,
28 Fitzwarrin Gardens, N19,
January 18.

The land of Palestine

From Mr Brian Wrobel
Sir, The Times has been accused of antisemitism for running the series entitled "The Land of Palestine" (letter, December 27). The charge seems to carry within it the implication that the Israeli side alone in the conflict deserves to be understood in terms of its human predicament.

Neither Arab nor Jew possesses a monopoly over personal suffering in the Middle East; and this seems reason enough to document the experiences of people who are part of the conflict, along with their views.

Israeli Ambassador (letter, December 24) is correct in stressing the continued physical Jewish presence on the land over the centuries, as well as the attachment to it in prayer and poem. But such physical, emotional, and mystical links are not exclusively Jewish. It is proper and fair to recall the legitimate sense of grievance felt by Arabs who were born on the land but who are not permitted to live there.

Yours, etc,
BRIAN WROBEL,
1 Gray's Inn Square, WC1.

Doctorate completions

From Professor Sir Geoffrey Allen, FRS
Sir, It is unfortunate that you were unable to allow your Education Correspondent sufficient copy to add one vital caveat to her presentation of an apparent pecking order for the completion of PhDs (report, January 15).

I am sure the person who released the information would agree with me that the order presented was obtained from an analysis of incomplete evidence. Further, the differences between some institutions listed were not statistically significant. Certainly no small to allow the institutions to be placed individually in rank order.

Nevertheless, the analysis does show that completion rates vary between institutions in the year selected for analysis. No doubt similar variations would be observed between different subjects. The percentage of uncompleted PhD theses in science and engineering does seem to be higher than many sciences and engineers would wish to see.

Yours faithfully,
GEOFFREY ALLEN, Chairman,
Science Research Council,
PO Box 18,
North Star Avenue,
Widnes,
Cheshire,
January 15.

Legal clarification

From Mr Peter J. Rowell
Sir, I refer to Mr A. T. H. Smith's letter (January 12). While I share his view that declaratory judgment should be available in respect of the criminality or otherwise of future conduct, the House of Lords have only recently expressed the view that declaratory judgment only be granted in such circumstances as exceptional cases.

I refer to their decision in *Imperial Tobacco Ltd v AG* (reported at [1980] 1 All ER 865) reversing the decision of the Court of Appeal (1979) 2 All ER 592, wherein it was held that it would not be a proper exercise of a civil court's jurisdiction to grant declaratory judgment in such circumstances.

Their view that declaratory judgment should only be available in respect of future conduct in very special circumstances, regardless of the obvious advantages to the private litigant, may well have been the same for refusing the declaratory in the above case where criminal proceedings had already been instituted.

Yours faithfully,
PETER J. ROWELL,
66 Greenleaf Gardens, NW6,
January 13.

LETTERS TO THE EDITOR

Deciding Labour's future direction

From Mr Matthew Oakeshott
Sir, This Saturday the special conference of the Labour Party meets to decide how to elect the Leader. Having been a member of the Labour Party for 18 years, served as a city councillor and polled 26,000 votes in the October, 1974, general election, I know as well as most the obfuscations and manoeuvres which will accompany this event.

A clear issue of principle is before us: whether trade union block votes, swayed by members of other political parties, be they Conservatives or Communists, are to join in the election of the leader.

Since the issue is clear, a great deal of smoke will this week pour forth in an attempt to obscure it. We will be told, in particular, that democracy in the Labour Party will be saved if the conference accepts the proposal that the Parliamentary Labour Party should have 50 per cent of the votes in the electoral college. But the evidence of the last three leadership elections destroys this claim.

The PLP is not a monolith and relatively small swings against its preferred candidate in each of these elections could have led to a drastically opposite result in an electoral college. In 1963, Wilson beat Brown on the last ballot by 38 per cent to 42 per cent; in 1976, Callaghan beat Foot by 56 per cent to 44 per cent; and in 1980 Foot beat Healey by 52 per cent to 48 per cent. Even in an electoral college with voting split 50 per cent—25 per cent—25 per cent between PLP, unions and constituencies those results could have been overturned by a handful of big unions.

Let all the Hattersleys and the Healeys, the Callaghans and the Barnetts, during this election, of the "wait and pray" theory of

Way ahead in Ireland

From Professor Bernard Crick
Sir, Professor Connolly O'Leary (January 18) is quite right that David Morrison is in the North. Why devolution cannot work in Ulster (December 29), and Mr W. S. Moore in correspondence (January 6) make selective use of his colleague Moxon-Browne's survey. But that survey and other professional ones can be read both ways; indeed have to be read both ways.

Depending on how the question is put, majorities can be found favouring either devolution or integration; and many respondents in Northern Ireland can be found favouring both. This is not as crazy as it sounds, nor does it necessarily reflect on the surveys, but simply that many people believe that almost anything is better than the present. The actual framework of government, alas, may not be as important to them as to politicians and academics; they identify any proposals for change with hopes for peace.

However, may I raise a constitutional point? Opponents of devolution, like David Morrison, W. S. Moore, Enoch Powell and The Observer, seem to assume that any continued direct rule leading to integration is the best guarantee against the emergence of common institutions with the Republic of Ireland. Since the recent Dublin talks between the two governments is this necessarily so?

The proposition could be turned on its head. If the rest of the United Kingdom (which is somewhat bigger than Northern Ireland)

English Leyland?

From Mr R. H. Hickling
Sir, In a report of today (January 14) it is stated that an industrial tribunal found British Leyland guilty of indirect racial discrimination because it insisted that people applying for labouring jobs filled in application forms in English.

On its face, the decision of the tribunal appears to be kind, as well as lawful, and it would not seem to me to be a surprise that it should be so. But it prompts the question whether we English are destined to see the decline and destruction of our own language in our own country.

That the language will survive in other countries and in other forms I have no doubt; it is probably our best gift to the world, and will survive long after we are gone. But I suggest that it is now time to consider asserting, by yet

Issues of Lambeth squat

From Mr Stuart Holland, MP for Vauxhall (Labour)
Sir, Mr George Tremlett (January 13) drew attention to my support for the rent and mortgage subsidies in the Vauxhall area, near the Oval, by the London Squatters' Union. He claimed that this support, with that of the Lambeth Trades Council, Labour councillors, the Vauxhall Labour Party, local trade unions and the local tenants' association would be a surprise to those who had noticed the direction in which the London Labour Party is moving.

Mr Tremlett forgot to add that the occupation also had the support of the local tenants' association on the GLC Kennington Park Estate. The reason is simple enough. Following a long period of consultation with the tenants' association and local groups, Kilner House had been modernized on the understanding that it would be let to those in housing need in Greater London and for it to be a refuge for Anglo-Saxon, Far from being largely foreign students, they included a representative range of those skilled in trades and professions, both employed and unemployed.

Naturally Mr Tremlett makes no reference to such factors. He concentrates on trivia, innuendo and false claims against those involved in the occupation. Thus he alleges that they were "largely students from abroad so few of whom could speak English that four translators had to be employed to make evidence" during the High Court action brought by the GLC. Hardly so.

Had he visited Kilner House and talked with the some 150 people resident during the occupation he could have heard their views of GLC housing policy in very plain Anglo-Saxon. Far from being largely foreign students, they included a representative range of those skilled in trades and professions, both employed and unemployed.

Mr Tremlett reminds us that "the rule of law must be seen to prevail in this land". He seems to have forgotten that in a democracy such as ours respect for the law implies not only good administration and majority consent, but also respect for the needs of minorities. His council's cynicism in breaking commitments and its unconcern for those in real housing need in London will be properly tested at the polls for the new GLC this May.

Yours sincerely,
STUART HOLLAND,
House of Commons,
January 15.

Competing for the countryside

From the Chairman of the Nature Conservancy Council
Sir, In his article Mr Oliver Stanley (January 14) shows how the fate of the countryside depends on agriculture. And he is right to draw attention to the importance of financial aspects if farmers are not to be put at a disadvantage in carrying out nature conservation measures. He is especially right to stress the importance of the heritage concept and the deferment of capital taxation.

But he is wrong to imply that conservationists expect that agriculture should therefore not change. Before agricultural changes are implemented in areas of special importance for wildlife we need the opportunity to consider their implications and to comment. It is simply a matter of ensuring that before decisions are made at whatever level in our society, the relevant factors are taken into account.

It is for this reason that the Nature Conservancy Council hope to see included within the Wildlife and Countryside Bill, now before Parliament, additional measures requiring consultations on any proposed changes to the sites of special scientific interest which it is the NCC's statutory duty to notify, and a government commitment to the resources for its implementation.

I am, Sir, your obedient servant,
RALPH VERNEY,
Nature Conservancy Council,
19-20 Belgrave Square, SW1,
January 14.

Way ahead in Ireland

From Mr Humphrey Case
Sir, Conservation of the countryside is an important topic as its frequent occurrence in your columns shows. Revision of planning procedure would be a more effective way of achieving it than the taxation relief advocated by the Chief Taxation Adviser to the Country Landowners' Association (feature, January 14). Tax relief may indeed have a supplementary part to play, but it cannot be a substitute for a more realistic approach. It is a pity that the NCC's statutory duty to notify, and a government commitment to the resources for its implementation.

I am, Sir, your obedient servant,
RALPH VERNEY,
Nature Conservancy Council,
19-20 Belgrave Square, SW1,
January 14.

Medical redundancies

From Mrs P. K. Ashley and Professor L. Michaels
Sir, Some members of the Academic Board of the Institute of Laryngology and Otolaryngology have expressed their horror (January 12) that six members of its staff have been made redundant. They are right to protest because the Institute, in company with others, is in danger of becoming an unintended casualty of the Government's policy on the payment of fees by overseas students.

This year, the institute's grant from London University has been cut by about 20 per cent in real terms, and over a period of three years the total reduction may be as much as 44 per cent. Such drastic cuts make redundancies inevitable. The cuts are severe because a high proportion of students at the postgraduate medical institutes happen to come from overseas and the whole of the university grant is reduced by that proportion, regardless of the other purposes besides teaching for which the grant is used.

The Government has recognized the problem and provided some additional money, but it is only for "adjustment" purposes and it does not resolve the difficulties that are becoming increasingly apparent. The only way to do so is to develop a new approach to the funding of all postgraduate medical institutes, and for it to be effective health and education ministries must be involved.

Yours faithfully,
P. K. ASHLEY, Chairman,
L. MICHAELS, Dean,
The Institute of Laryngology and Otolaryngology,
330-332 Gray's Inn Road, WC1,
January 13.

From the Reverend Dr Tom Ambrose

Sir, This reader of The Times is greatly reassured to know that not even the demi-gods of the university medical schools are immune from the effects of the current recession.

Yours,
T. AMBROSE,
5 Spelvit Lane,
Morpeth,
Northumberland,
January 12.

Full explanation

From Mrs Margaret Mason
Sir, Giovanni Arnolfini looks such a calculating and inflexible young man that he would surely not have hesitated to encourage his wife to bring the libel action suggested by Bernard Levin (January 13) if there had been any hope of a lucrative outcome. But it should be noted that in his Dresden Triptych, painted in 1437, three years later, Van Eyck showed St Catherine, whose virginity surely could never be in question, in an identical pose, with her skirt bunched up and looking similarly pregnant.

We can only assume that at the time this was a completely acceptable fashion both for spinsters and married ladies, free from the quite reasonable implications that Bernard Levin suggests.

Yours sincerely,
MARGARET V. MASON,
Woodman's Cottage,
Park Road,
Banstead,
Surrey,
January 13.

THE TIMES

BUSINESS NEWS

Difficult
choices for
the coal
board, page 19

Ulster fears
of closure
as Enkalon
cuts 800 jobs

By John Huxley
British Enkalon has scrapped a £20m modernisation programme at its synthetic fibre plant at Antrim, Northern Ireland, and is making a further 800 workers redundant.

It was announced yesterday that the company had decided to scrap the programme and to make a further 800 workers redundant.

Mr J. Martin Ritchie, the chairman, said that the company had decided to scrap the programme and to make a further 800 workers redundant.

Trading in Enkalon's shares was suspended yesterday pending an announcement of production cuts and job losses.

The Enkalon plant, making nylon, polyester filament and tyre cord, is the largest remaining company in Northern Ireland's once-thriving man-made fibres industry.

Last year, Courtauld ended its viscose and polyester operations in Carrickfergus. Du Pont closed its acrylic fibres plant at Londonderry and ICI fibres ended production of polyester at Kilroot, with the loss of 1,100 jobs.

British Enkalon, which is 84 per cent owned by Akzo, the Dutch chemicals and textiles group, last made a profit in 1979. In its statement the company blamed continuing substantial losses on the unfavourable trading environment for synthetic textile and carpet yarn.

These difficulties had been aggravated by the strength of sterling, which in the British industry, greatly increased imports.

Gloomy forecast: Unemployment in Northern Ireland, which was 92,800 last month, will rise to 125,000, a rate of 21.5 per cent, by the end of the year. This forecast is made in a report, *The Northern Ireland Economy: the Current Economic Situation and Prospects for 1981*, which Coopers and Lybrand published in Belfast yesterday.

The study predicts a further fall of 8 per cent in Ulster's manufacturing output this year (against 6 per cent in the first three quarters of 1980), while retail business is expected to fall by a further 2 per cent, with the reduction of purchasing power resulting from increased job losses and pay settlements being below the inflation rate.

Textile redundancies: Employment in the cotton and allied textile industries fell by about 30 per cent to 45,420 in the 12 months to November last year, figures issued yesterday by the Textile Statistics Bureau show.

The total variance of cloth received by finishers in the three months up to November was 27 per cent down on the corresponding period of 1979.

Profits prediction by Post Office despite £46m loss in first half

By Bill Johnston

The Post Office corporation made a loss of £46m in the first half of this financial year, compared with a profit of £49m in the first six months of last year, but it said that it expected to make a profit over the year as a whole.

The Posts and Giro division made a loss of £20m, while the Giro division made a profit of £26m.

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Davy to fight Enserch bid in courts

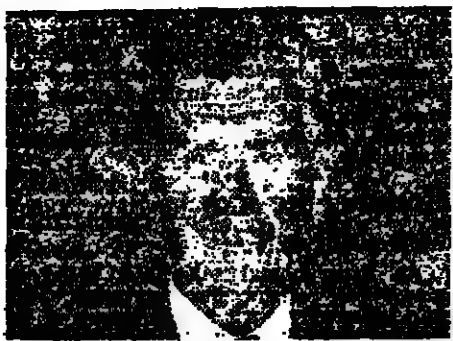
By Andrew Goodrich-Clarke
Financial Editor

Davy Corporation, Britain's largest process plant manufacturer, is to carry its fight against a £143m takeover bid from the United States Enserch Corp into the American courts.

In a carefully-worded statement last night Davy's board, headed by Sir John Buckley, said it considered such action necessary "to protect its shareholders' interests".

Enserch, a Texas-based utility and oil exploration company, made an offer in common shares and cash stock for Davy last month. Prior to the offer, the exchange controls in Britain at the end of 1979, foreign companies bidding for British ones would have had to pay in cash.

A sudden rise in the share price of Davy ahead of the bid led to Davy's request to a Stock Exchange inquiry into market dealings. This is still continuing, but meanwhile Davy's share price has fallen back to 152p, compared to the 190p value put



Sir John Buckley: taking action to "protect the interest" of Davy shareholders.

on the shares at the time Enserch announced its bid.

Davy says it is charging Enserch in the Federal District Court of Columbia with violations of the United States federal securities laws in connection with the offer.

Davy also alleges that previous press

statements by Enserch and "reputable stock market activity in Britain and the United States have unlawfully and falsely preconditioned the market for Enserch's offer".

Moreover, Davy claims that proposed offer documents filed with the United States Securities and Exchange Commission by Enserch contain "misstatements and omissions concerning Enserch's business and financial condition".

In the United States such claims are not unusual and often are followed by counter-claims in what invariably turns out to be a lengthy process of litigation in most takeover bids.

In Britain, however, where takeovers are partly governed by self-regulation, Davy's action before the American courts is breaking new ground in the defence of a bid from a foreign company, although there was some legal skirmishing in the United States courts when the American insurance broker, Marsh & McLennan, bid for the British C. T. S. Boring group last year.

Financial Editor, page 19

Ford wins majority vote for 9.5pc rise

By R. W. Shakespeare

More than 80 per cent of Ford car workers in plants around the country have voted to accept the management's 9.5 per cent pay offer in spite of its rejection by national negotiators and recommendations by shop stewards that it should be turned down.

The last important hurdle before getting the pay deal accepted nationally was crossed yesterday when body and assembly plant workers at Halewood on Merseyside, met to vote at the South Liverpool Football Club ground.

Only about 2,000 of the 10,000 workers eligible to vote turned up for the meeting, but the show of hands was a convincing one in favour of acceptance.

The Halewood plant is now divided on the pay issue. On Saturday, in an assembly plant workers turned the deal down by a three to one majority.

However, Ford now has acceptance votes from meetings which at least nominally repre-

sent some 50,000 of its shop-floor workers. This gives the company the go-ahead to implement new pay scales backdated to November 23 which will give most workers average increases of around £8 a week.

The new basic rate for a grade 'B' Ford worker — the biggest proportion of those on the shop floor — working alternate fortnightly day and night shifts becomes £17.44 a week.

But the Halewood plant is still in trouble over production of the new Escort on which much of its sales hopes for this year are pinned.

Production was stopped again yesterday with 9,000 workers laid off because of a dispute which began in the paint shop last week.

Ford suspended the paint shop workers after they refused to carry out the job which the management claim meant an extra seven seconds work on six cars an hour. The drivers walked out in sympathy and when stocks of car body shells ran out the rest of the workers had to be sent home.

Italian steel chairman resigns over lack of government support

From John Earle

Rome, Jan 19 — Italdier, Italy's biggest steel producer, was plunged into crisis tonight with the resignation of Signor Ambrogio Puri, the chairman, in protest at lack of government support.

The state-owned Italdier, part of the Finisider group, has not made known its 1980 results, but they are expected to be worse than the 258,000 lire (£12m) loss of 1979.

Signor Puri said in a statement that Italdier was on the way to recovery until mid-1980, but then came the European steel crisis. In the second half of the year it was selling its products at prices below those 12 months earlier, while factory costs had risen by 20 per cent.

Though the company was basically sound, it needed strong support from the government. This specific support was, in reality, lacking, Signor Puri said. Signor Gianni de Michelis, the Socialist minister for state-owned industry, had adopted an attitude which was "partic-

ularly severe and I would also say unacceptable".

On December 16, he wrote to the minister asking if he would explain the situation. But there had been more than a month of silence. He therefore felt that his continued presence was "an obstacle towards facing questions which are daily becoming more serious and dramatic".

Belgian groups plan merger

Cockerill of Liege and Hainaut-Sambre of Charleroi, Belgium's two largest steel companies, plan a merger that would create a group in the French-speaking southern part of the country with an annual production capacity of eight million tonnes.

If successful it could be followed by closer cooperation between the south Belgian steel industry and the Arbed Group of Luxembourg.

The plans were being explained to the Belgian Cabinet in Brussels today. The Govern-

ment is bound to play a crucial role because it has large minority shareholdings in both groups, while the merger will inevitably involve a loss of jobs.

The plan was outlined at the weekend by M. Julien Charlier of Cockerill and M. Albert Peere of Hainaut-Sambre at a meeting attended by M. Willy Claes, the Belgian Economics Minister, Viscount Etienne Davignon, the European Commission's director for industrial affairs, and M. Emmanuel Tesch, the chief executive of Arbed.

It will be presented to the trade unions tomorrow and will be discussed further on Thursday at a meeting of the Belgian Steel Industry Planning Council, which brings together government, unions and employers.

The plans for closer cooperation with Luxembourg will be raised at the end of the week in talks between the Belgian and Luxembourg Governments beginning on Saturday.

Both Cockerill and the Hainaut-Sambre group, which is usually referred to as the "triangle" group of companies, are heavy loss makers.

Airbus workforce to double

The number of workers employed on the part-British European Airbus will double by 1984, and British Aerospace will invest £250m in the project.

Officials say the aircraft is a "real success story" for Britain and for European cooperation, and "for the first time we are giving a manufacturing industry some real competition".

Britain has a 20 per cent stake in the Airbus, which is being made by a European consortium. This week the project passes two more milestones.

Today Singapore Airlines will deliver the first of 12 A300 passenger Airbus, which the makers see as "another significant step forward on a high prestige route".

This week the 15th pair of wings made by British Aerospace will be delivered to the Continent.

Thirty-nine airlines have ordered a total of 460 Airbus, 303 of them firm orders and 157 paid options.

But the manufacturers expect to sell 1,000 by 1990 and 2,000 by the end of the century.

Industry under pressure

By John Whitmore

The heavy destocking order by industry in the three months to last September prevented any further significant deterioration in corporate sector finances during the third quarter of last year.

But the pressures on industry to destock are made clear by figures on industrial and commercial companies' cash flow published by the Central Statistical Office yesterday.

These show that the cash surplus of companies before allowance for any capital expenditure items slumped to a lower level in the six months to September than in any half-yearly period since 1975-76.

Moreover, a further rise in bank borrowing during the three months to last September suggests that the cash pressures on certain sectors of industry continue to be severe.

With gross trading profits in the six months to last September showing their first fall in nominal terms in a six-month period for 15 years, and with interest and tax payments staying high, the undistributed income of companies in the six months fell by a third compared with the previous six months.

In the third quarter itself the net surplus of companies before allowance for capital spending fell to only £1,631m.

£10m Tunnel bid for US group

By Margaret Pagan

Tunnel Holdings, Britain's third largest cement producer, yesterday further strengthened its chemicals operations with a £10m offer for Alcolac, an American chemicals company.

Shareholders representing 50.25 per cent of the equity of Alcolac, based in Baltimore, Maryland, have already agreed in principle to the merger. The board has recommended the takeover to shareholders.

Alcolac, which in the year to June, 1980, returned pretax profits of £1.2m, is quoted on

the American Stock Exchange. It manufactures and sells specialty chemicals at Baltimore and Sedalia, Missouri, and in Quebec, Canada. It also owns 79 per cent of Wapora Inc., a research consultancy specializing in environmental contract work, based in Washington, DC. Net assets were valued last June at £5.8m. Sales were £15.8m for the year.

Mr Derek Ritchie, chairman of Tunnel, said that Alcolac business was complementary to Tunnel's existing specialty chemicals activities. Tunnel

made its maiden investment into this territory in 1978 with its acquisition of 1973 of a specialty chemicals division from Barrow Heppburn for £10.5m. It also has interests in toxic waste disposal.

This division turned in a slightly lower profit contribution to September this year, compared to £1.37m in the previous period, the drop blamed on the strength of sterling and the recession—70 per cent of its sales are made outside the United Kingdom.

Alexanders

DISCOUNT COMPANY LIMITED

Results for 1980

Subject to audit, the balance of profit for the year after rebate and taxation and making a transfer to Contingency Reserve amounted to £1,250,000. (1979—The balance of loss after transfers from Contingency and General Reserves, amounted to £250,000).

A final dividend of 11.5p per Ordinary share (£564,000) is recommended. 1979—11.501p per Ordinary share—£562,000. This makes a total distribution for the year of 17p per Ordinary Share—£833,000 (1979—16.001p per Ordinary Share—£782,000).

The balance of profit carried forward will be £829,000. (1979—£421,000).

The interim dividend was increased primarily to reduce the disparity between the interim and final dividends. Having regard to the one hand to the outcome for the year and, on the other, to the needs to maintain a firm base for future trading, the Board recommends a final dividend at the level of last year thus increasing the total dividend to 17p for the year.

The Balance Sheet total at the year end was £441m (1979—£468m), which included an unusually large amount of short-dated Treasury Bills bought on the last day of the year. The holding of other bills was down slightly at £251m (£296m) but Sterling CDs were £36m (£8m). The total of bills under rediscout was £283m (£520m) as a result of the reduction in general market activity in bills over the year. The holding of Gilts was £7m (£19m) and Local Authority Securities, all of the variable rate type, were £50m (£47m).

1 St. Swinith's Lane, London EC4N 8DN

01-626 5467 TELEX 983126

PRICE CHANGES

Rises		Falls	
Ass Power	4p to 29p	Farclays	14p to 39p
Daily Mail 1st	7p to 47p	Burnett's share	15p to 88p
Percent	15p to 45p	De La Rue	25p to 67p
More O'Ferrall	8p to 10p	Harrisons Cros	24p to 75p
Royal Elect	6p to 29p	ICI	8p to 28p

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THE POUND

Rises		Falls	
Ass Power	4p to 29p	Farclays	14p to 39p
Daily Mail 1st	7p to 47p	Burnett's share	15p to 88p
Percent	15p to 45p	De La Rue	25p to 67p
More O'Ferrall	8p to 10p	Harrisons Cros	24p to 75p
Royal Elect	6p to 29p	ICI	8p to 28p

Insurance bodies tighten their standards of conduct

Closing the door on doubtful selling

The foot-in-the-door insurance salesman of ill-repute had better be careful. His technique of promising the earth and good news knows what else has not only been rumoured, but the onus has now shifted to the insurance company using his (or her) services to do something about it.

The life insurance associations (the Life Offices' Association, Associated Scottish Life Offices and Industrial Life Offices Association) and the British Insurance Association, have at long last published codes of conduct governing the selling of both life and general insurance.

As soon as the insurance brokers' fraternity came under greater scrutiny, culminating in the Insurance Brokers (Registration) Act 1979, it was only

a matter of time before the insurance industry had to look to the source of the malpractices (in many cases) of its business—direct salesmen, other intermediaries and agents such as accountants, and the mere introducers of new business.

The codes of conduct, devised after detailed discussions with the Department of Trade, the appropriate professional bodies and consumer interests, have been a long time coming. They were initially expected last autumn and there have been a couple of false dawns since then.

Salesmen and other sales agents must abide by the code of conduct, but in the final analysis it is up to the insurance company to make sure that people it employs observe

the rules, otherwise membership of the trade associations could ultimately be forfeit.

To be fair to the industry and its agents, most reputable companies and salesmen—whether employed directly or not—already adhere to the principles laid down by the codes of conduct.

But were beside anyone in future who makes an unsolicited or unarranged call on a prospective policyholder at a time which not "likely to be suitable", or who fails to make it known "as soon as possible" that it is life insurance he wants to discuss: this is a dig at the clip board questioner, purporting to be conducting a survey on savings.

Margaret Stone



\$400m extra Chrysler guarantees

The United States Government's Chrysler Loan Board yesterday finally approved the issue of up to \$400m (£168m) of government guaranteed loans to the ailing car maker.

The Congress now has 15 days to review this decision and it looks almost certain that the company will be able to obtain the cash in early February.

Already Chrysler has drawn \$600m of government-secured loans.

Legislation provides for an overall total of \$1,500m of guaranteed loans for Chrysler and official budget estimates released here include provision for Chrysler obtaining the full amount by the end of September of this year.

Venezuelan exports

Venezuela has agreed to boost oil exports to Italy, according to a joint statement issued in Caracas after four days of talks between Signor Emilio Colombo, the Italian foreign minister and Venezuelan government officials. The amount was not specified.

Danish krone threat

Expected rises in Denmark's balance of payments and state budget deficits will probably prompt new government economic measures this year, and possibly force an aggressive depreciation of the krone, the Danish Bank said in Copenhagen.

Nissan in Mexico

Nissan Motor Co said in Tokyo that its Mexican subsidiary, Nissan Mexicana SA, plans to spend about \$300m (about £125m) over the next four years to treble engine production to 360,000 a year.

Record Swiss deficit

Switzerland's trade deficit widened to a record 11,250m francs (about £2,604m) in 1980 from 4,710m francs in 1979, because of considerably higher imports, the Federal customs office said in Bern.

Iran shares move

Iran's parliament, the Majlis, has dismissed a proposal to nationalise all shares held by foreigners in Iranian companies, because it lacked any reference to compensation.

Move to speed application of automatic speech recognition systems Collaborating with industry in new projects

Technology News

The National Physical Laboratory and Warren Spring Laboratory, two Department of Industry research establishments, have set up collaborative projects with industry to hasten the application of specific technologies. The subjects are automatic speech recognition and microelectronics-based control systems for the process industries.

At the NPL, Teddington, Middlesex, a speech-recognition club has been formed to help the transfer of NPL technology in this area to industry members such as Ferranti Computer Systems, Plessey, Systems Designers, Quest Automation Research and Nexos Office Systems.

Direct speech input to automatic systems, already available to a limited extent, is expected to show advantages in a wide range of equipment for business, process control, aviation electronics and defence systems. It offers the most natural and quickest form of human communication.

Work at NPL has concentrated on continuously spoken input. Existing systems in general require special enunciation, with gaps between words, but the NPL system can accept input as it is normally spoken.

Background noise, and the limitations of the telephone, are also taken into account in the NPL method. Thus the work should lead to the integration of speech with the accepted means of business, and should reduce the present dependency on methods of data capture which require highly skilled staff.

In the second government-industry link, Warren Spring Laboratory at Stevenage, Hertfordshire, has set up a collaborative project known as Microbatch with a group of 20 companies in the process plant and instrumentation industries. The aim is to overcome problems in the effective introduction of advanced control technology.

Problems include the specification and choice of equipment; making sure of the performance and compatibility of instru-

ments; ensuring reliability of electronics in the factory environment; and the motivation of operators, engineers and supervisors.

The jointly funded Microbatch project aims to overcome such problems through surveys of systems; specifications for environmental protection of equipment; evolution of process-control strategies and techniques, including human factors; and case studies of working systems. The scheme is open to further member companies.

Greater efficiency with solar cell

An experimental solar cell based on amorphous silicon has converted light into electricity with an efficiency of 6.6 per cent, according to reports from Energy Conversion Devices of Troy, Michigan. The material is claimed to promise an efficiency of 7 to 10 per cent, at which level such cells could compete economically with electricity from conventional power plants.

The claims are made by Mr Stanford Orshinsky, founder of the company. Its solar-cell research is being conducted under an agreement with Atlantic Richfield, which has put up \$28.3m (about £12m) for various energy-related projects with the company.

Conventional silicon solar cells, as used on spacecraft, use crystalline silicon in which the atoms are aligned in a lattice-like arrangement. In amorphous silicon, the atoms are not arranged in any geometrical order.

The main advantage claimed for the amorphous material for solar cells is that it should be much cheaper to produce. It

would be deposited as a thin film on large sheets of material. The experimental device is only about one-tenth of an inch square; but the company said it was developing a machine which could turn out 16-inch square panels of the amorphous film.

Previously, the highest achieved efficiency using amorphous-silicon was 5.5 per cent, obtained by researchers at RCA Corporation in 1977. The new figure of 6.6 per cent was achieved in a thin film of amorphous silicon alloyed with fluorine and hydrogen.

Mr Orshinsky has met with some scepticism over his claims that the new material can lead to an economically competitive solar-energy converter far sooner and at a cheaper price than the goal set by the United States Department of Energy.

The Department of Energy's target date for the mass production of solar-cell modules, that will cost about \$1.60 to \$2.20 per peak watt of electricity, is 1986. The recent development by Energy Conversion Devices relates only to the conversion efficiency of the material; much further work is needed in moving from this stage to the completion of solar-cell modules.

In another line of solar-cell research, Solarex of Rockville, Maryland and Westinghouse Advanced Energy Systems of Pittsburgh, Pennsylvania, are to develop new factory processes for solar-cell modules under contract to the National Aeronautics and Space Administration's Jet Propulsion Laboratory at Pasadena, California.

JPL is managing a programme known as the Low-cost solar array project on behalf of the Department of Energy. The two companies will develop experimental factory processes, which demonstrate the ability to produce modules which could be sold at a price of 70 cents a watt (at 1980 prices).

Kenneth Owen and AP-Dow Jones

BP Chemicals reaffirms faith in £57m Grangemouth alcohol plant

By John Huxley
BP Chemicals yesterday ended months of uncertainty over the future of its new £57m synthetic alcohol plant at Grangemouth, when it confirmed that the plant will definitely be completed.

Mr Robert Horton, the managing director, said: "We have decided to give an unqualified go-ahead for the ethanol project at Grangemouth. In a message to the group's 14,000 employees, he added that the decision also reaffirmed BP's faith in the future of the Scottish port, on the Forth, as a petrochemical centre.

The new plant will employ the latest technology and will confirm BP Chemicals as one of the world's largest producers of synthetic alcohol, which is an important raw material in the manufacture of products ranging from pharmaceuticals to adhesives. It is also widely used, in its denatured form, as a solvent in cosmetics, varnishes, inks and detergents.

Work on the new plant, which will have a capacity of 150,000 tonnes a year, began early in 1979 and has been

under constant review since. Its completion has been threatened by proposed European Community regulations on alcohol production, which BP claims would disrupt the market.

The draft regulations contained proposals to allow up to 100,000 tonnes a year of alcohol produced from agricultural materials such as wine, potatoes, beet, fruit or cereals, to be sold into the European market at subsidised prices.

BP Chemicals argued that the influx of cut-price product, in competition with synthetic alcohol produced from ethylene, would wreck a European market balanced at about 400,000 tonnes a year.

Work on the Grangemouth project was halted at least once, and in the past year BP Chemicals again let it be known that the progress of the regulations was jeopardising the future of the project. Last April, it indicated that it was prepared to challenge through the courts the validity of the proposals in the draft regulations if they were approved.

In fact, the Community has been trying to produce a policy



Mr Robert Horton: "Unqualified go-ahead" for project.

for alcohol for about eight years, and for much of this time draft regulations have been bogged down in the Commission machinery.

The Grangemouth plant will replace capacity of 90,000 tonnes a year in two old units and adds to the group's commitment to synthetic alcohol at its South Wales plant.

Electronics talks begin at NEDO

A meeting at the National Economic Development Office today marks the beginning of a renewed attempt to establish priorities and an overall industrial strategy for the electronics industry.

The meeting is the first to be held by the reconstituted Electronics Economic Development Committee under the chairmanship of Sir Henry Chilver, vice-chancellor of Cranfield Institute of Technology.

The importance attached to the subject is reflected in the high level of the membership of the development committee. Chairmen and managing directors who are members include Mr Derek Alan-Jones of Ferranti, Sir William Barlow of Thorn-EMI, Mr Peter Benton of Post Office Telecommunications, Sir Kenneth Corfield of Standard Telephones and Cables, Dr James Marriam of the National Computing Centre, Mr Des Fitcher of Plessey Telecommunications and Office Systems, Sir Robert Telford of GEC-Marconi Electronics, and Dr Chris Wilson of International Computers.

LETTERS TO THE EDITOR

Reasons for buoyancy of exports

From Professor D. K. Stout
Sir, Mr Mervyn Westlake (*The Times*, January 14, "How much of a crisis in exports?") draws attention to the strange buoyancy of British exports of manufactures during the past two years, while a combination of the rise in sterling and the increase in our unit labour costs has reduced our overall cost competitiveness by between 40 and 50 per cent.

One factor which Mr Westlake mentions has been well established empirically over several decades: the United Kingdom share of world exports tends to hold up better when the home market weakens. As the Treasury used to say long ago: "You can't get a quart out of a pint bottle." But this is not a convincing explanation of what has been happening lately.

Our own "pint bottle" was very far from full in 1973. Spare capacity abounded, yet manufactured imports were being sucked in at a prodigious rate.

There do appear to be only two other plausible explanations. One is the existence of a long lag before customers react to higher (foreign cur-

rancy) prices. We shall have to wait and see. It took fully two years for the 1967 devaluation to begin to have its full effect upon the British balance of payments, and it may be that all the news on the export front is bad and it is still travelling towards us. It would be surprising if this is the whole story, since the real effective exchange rate has now been rising since 1976.

The remaining possibility is that our manufacturers have been improving price-performance during the last two years by "up-market" moves towards more sophisticated products and specifications. This is a very difficult hypothesis to test statistically, but there are some odd straws of what may be future bricks.

Mr Michael Brech of the National Economic Development Office (NEDO) and I have found that between 1978 and 1980, within mechanical engineering, the growth of high value products (measured by the crude indication of £000 per tonne of product) has been several times faster than the

growth of sales value in the other products in the sector. Before 1978 sales growth was much the same for cheap and dear products alike. (The results of this work will be published later this year as part of a symposium in *Oxford Economic Papers* on "The monetary supply and the exchange rate".)

Mr Westlake may be right to say that "No evidence of any improvement in non-price factors has yet been found by economists in Whitehall". But during my time in NEDO we were able to find some evidence of the part played by these factors in the decline in the United Kingdom export share. And it is just possible that we are now seeing the first signs of a breakdown in yet another "well-established relationship". One hopes so even though it may be a comfort if and when the full force of our loss of cost competitiveness rolls in upon us.

Yours faithfully,
DAVID STOUT,
Department of Economics,
University of Leicester,
Leicester, LE1 7RH.
January 15.

Clearing banks' influence

From Mr A. J. Hutton
Sir, Although well intentioned, the clearing banks' appeal of Mr John Brown (January 5) does not appear to be as well considered.

In his support of the mysterious Mr Derek Westlake (who is subsequently described as a Lloyds Bank lawyer despite his self-avowed use of a club address), Mr Brown implies the government to retain the "non-discrimination clause" imposed by the British clearing banks on retailers in Britain by way of the credit card union.

Mr Brown says that without this clause garages for example, will make a surcharge on transactions paid for by credit cards.

Mr Brown should consider carefully the implications of becoming too partisan. Clearly a retailers' discrimination by surcharge is merely a deflection of the cost of a credit card transaction would have upon his profit margins, which, in the case of petrol sales, are crucially narrow.

When the clearing banks, through their credit card schemes, make more profit upon the sale of a gallon of petrol than the garage itself, then clearly the position requires fair legal controls and makes Mr Brown's conclusions even more bizarre.

While one wisely avoids repetition of the phrase and issue of "ripping off", one cannot but feel that endorsement of the "non-discrimination clause" will only add to the heavy yoke already borne by the United Kingdom economy by reason of the clearing banks' overweening influence upon industry and commerce.

A. J. HUTTON,
15 Summer Place,
London SW7.
January 8.

Disturbed by staples

From Mrs Dorothy M. Box
Sir, I possess two domestic paper staplers—one from Boots the other from W. H. Smith's. Recently, I needed a further supply of staples. I discovered that the model sold by W. H. Smith is no longer available, but was assured by an assistant that I had suitable staples—the only small ones on sale. I found they did not fit!

You can imagine how disappointed I was to discover that Boots had also changed their model with the same result.

Then I made a happy discovery—the W. H. Smith's dis-

card transaction would have upon his profit margins, which, in the case of petrol sales, are crucially narrow.

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A. J. HUTTON,
15 Summer Place,
London SW7.
January 8.

Financing perils

From Mr A. F. Liddell
Sir, Mr Deering, chairman of National Girobank (January 12) seeks to parallel the peril of postal financing with those of private businesses.

He graciously conceded that such businesses are making difficult decisions and developing survival initiatives, but he fails to acknowledge, and perhaps appreciate, how the task of the organisation for which he has responsibility is significantly eased—even simplified—by the "monopoly" factor.

A. F. LIDDELL,
"The Turret",
9 Whitburn Bents Road,
South Bents,
Sunderland.
January 12.

Westland Aircraft Limited

Extracts from the Statement by the Chairman, Lord Aldington.

The much increased profit before tax of £26.9m gives a fair indication in inflationary conditions of the satisfactory progress of your company over the year 1979/80, an increase of £11.6m from £15.3m. It includes some favourable items arising from previous years' business, for example, the release of provisions and the finalisation of prices which in earlier years had been estimates, a frequent feature of your company's accounts. However, this year it also includes a provision for learning costs on new products to be delivered in the next three years. The latter more than offsets the former.

Sales in 1979/80 amounted to £244.3m, an increase in real terms of about 5%. We shall have to fight hard to achieve similar increases in the next few years.

We have a general need to build up our financial resources in real terms. CCA adjustments for working capital indicate what is necessary to maintain the business at 1980 level of activity. We must retain something further for growth. Moreover, this year we have a particular need to strengthen our reserves: development and proving of our basic WG.30 over the next few years to put us through the military transport market into civil operability will be financed by ourselves on a private venture basis. I must add that we have to fortify ourselves also against the current economic climate of recession at home and overseas, to which has recently been added the uncertainties about U.K. Defence expenditure plans for the next few years.

The order book in most parts of the Group is strong on the basis of past experience, but there are gaps in the work load in some of our factories from the end of 1980 which we are striving to fill by taking on sub-contracts from outside. We do not expect an increase in real terms in the total Group sales in 1980/81.

Research, development and learning costs are included on the face of the Profit and Loss account for the first time; but this is private venture expenditure only. In the past two years I have reported to you the total Group expenditure on research and development. In 1979/80 year the total was £40.0m, of which £33.7m was funded by research contracts; £1.2m was recovered on other contracts and £5.1m was written off as private venture expenditure. It is only this £5.1m which has been included in the figure of £10.7m shown as Research, development and learning costs. A further £5.6m is calculated as the net amount of the cost of work done or to be done on producing the initial batches of new products which we shall not recover from sales in the next two or three years. Other costs of developing the WG.30 and its derivatives will be written off as incurred. I expect the rate of our private venture R & D expenditure (£5.1m this year) to double in the current year 1980/81, and to double again in the next few years.

SUMMARY OF RESULTS

	Year to 30 September	
	1980	1979
	£000	£000
Sales	244,345	198,160
Profit before tax—		
Historical cost	26,927	15,266
Profit before tax—Current cost	14,406	6,385
Profit attributable to shareholders—		
Historical cost	16,760	12,263
Earnings per 25p share	28.3p	20.7p
Dividends per share	5.5p	4.0p
Development Reserve	14,000	3,000
Shareholders' funds	101,082	66,424

Our cash position remains comfortable.

The problems of producing the Lynx commercially have largely been overcome by strong leadership from management at all levels and better understanding and co-operation by all on the shop-floor.

Work has started on producing the initial batch of WG.30's which will be for military transport and will enable civil operability to be proved.

Sea King production progressed well during the year and the first two Mk.5's were delivered on time. New orders were gained from overseas.

The Sea King replacement project is now known as EH.101. Our partnership with the Augusta Company for a helicopter for this project has been cemented in a new company called E.H. Industries Ltd., 50% owned by Augusta and 50% by Westland.

Technological advances in hovercraft design have made it possible for our designers to set about halving the cost of hovercraft with no loss of speed, control or sea-keeping capability. The first of these new designs, the AP-188, is being launched with the assistance of the National Research and Development Corporation and in collaboration with the current operator of SR.N6 hovercraft in the Solent, Hovertravel Ltd.

Normalair-Garrett is enhancing its reputation and experience as a good systems engineering company. Good orders were received during the year.

Copies of the Annual Report and Accounts can be obtained from the Company Secretary at Yeovil.

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	3 Years	4 Years	5 Years	6 Years
£5,000 becomes	£7,000	£8,000	£9,000	£10,000
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£13,000 becomes	£18,200	£20,800	£23,400	£26,000

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Lombard North Central
Deposit Accounts

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BY THE FINANCIAL EDITOR

Davy goes to court

The decision by the board of Davy Corporation to begin litigation in the United States in the face of the bid from Enserch Corporation duly provoked murmurs of "inflation" in the Enserch camp.

The Enserch case would be that a bid by a British company should be subject to the rules of British takeover practice, and that it is unfortunate that Davy has chosen to invoke the rough and tumble of American takeover regulations with all the legalistic raphanalia that this involves.

This is not a persuasive argument, and simply because Enserch is an American company and has in any case to register its intention of the Davy takeover with the various United States authorities. But also because it fails to recognize that the bid for Davy is a takeover by a foreign company, and thus the opportunity for foreign companies to bid in paper—as Enserch is doing—opens up a new dimension in the takeover arena and one which suggests that it is absolutely reasonable for a company in the receiving end of a bid to seek comfort in whatever courts it wishes provided it is felt to be in the best interests of shareholders.

Davy's board seems clear that it is not simply creating a delaying tactic by going to the United States courts (though this will be the effect); it is acting in what it believes to be the shareholders' best interests. It is because it feels that there is insufficient information on Enserch to justify its offer, and because it is unhappy about the market circumstances prior to the bid last month, a suggestion already recognized in the London market by a Stock Exchange listing into Davy's hands.

Meanwhile, Davy shareholders had better brace themselves for a long wait. Given that the Enserch bid is a Monopolies Commission inquiry which Enserch may accept, it could be six or seven months before this question is resolved.

Discount houses Adapting to change

1980 was a frustrating year for discount houses in terms of interest rate movement, but it can hardly matter in the longer term. The real significance of 1980 was that it was the year when the would-be reformers of the monetary system failed to sweep the houses off the centre of the monetary stage.

The essence of the Bank of England's statement on the future evolution of monetary control methods last November, at least as far as the houses were concerned, was that the Bank disliked the idea of conducting its main open market operations eyeball to eyeball with the clearing banks. In this it did at least it preferred the status quo.

That does not, of course, mean that the houses have been left to heave a sigh of relief and simply go back to the usual cyclical pattern of bonanza profits when interest rates are falling, and trying to put the shutters in cyclical upswings. The nature of the Bank's open market operations has already changed significantly, with both sides slowly feeling their way towards a system that will supposedly lead to more market determination of short term interest rates and, finally, to the burying of politically embarrassing nomenclatures such as M3.

But that is clearly only the first step in the process of change. The next major item for the houses are going to be the new prudential liquidity norms for the banks, any proposed changes in the rules governing the size and shape of the houses' own operations, and the impact of changing financial flows in the system.

The expectation, presumably, must be that the liquidity rules will still push substantial banking funds the houses' way, just as the reserve asset requirement does. With the abolition of the corset, however, the commercial bill business must have seen its best days, so it may well be that the authorities will be expecting the houses to be significant takers of any new public sector debt instruments they may be planning.

Meanwhile, Alexanders, after the traumatic move to 1979 has moved from a (depressed) loss of £250,000 for 1979 to a profit of £1.25m for 1980. It was clearly a patchy year, however, and the second half fairly

Year to 30 September	1979	1980
1980	1979	1980
£000	£000	£000
14,345	15,110	15,110
16,827	15,268	15,268
4,406	2,355	2,355
6,760	12,253	12,253
28.3p	20.7p	20.7p
5.5p	4.0p	4.0p
4,000	5,000	5,000
11,092	68,244	68,244

Business Diary: Hats off to Sally? • Mr Ten Per Cent

Sally Oppenheim, the Minister of State, for Industry, is best known, if not always best loved, in her role as the government's head of consumer affairs. Tonight, however, she is seen wearing for the first time a new and just as important hat—that of tourism minister.

Mrs Oppenheim will be at County Hall, Westminster, to present the first Sir Mark Henig awards for local authority enterprise in tourism.

In last week's Thatcher reshuffle, Norman Tebbit, the previous tourism minister, was promoted from Under-Secretary of State to Minister of State at Industry. Tebbit's tourism portfolio would normally have been handed on to his successor, Lord Trefgarne, but to the delight of the tourist lobby it is now in Mrs Oppenheim's grasp.

No disrespect to the noble lord, of course. It is just that it is better to be bending the ear of a minister of state than an under-secretary.

Nobody will be more delighted at this upgrading of tourism's importance than Mrs Oppenheim's host tonight, Michael Montague. He is the chairman of the English Tourist Board and the predecessor of Sir Mark, the TB's founder-chairman who died two years ago this month.

Local government boundaries are to be reviewed in 1982, at which time Montague and people in the tourism industry are hoping that the Government can be talked into allowing the English Tourist Board to dispense loans and grants for tourist developments outside the

present development and assisted areas.

In her two years as Minister for Consumer Affairs, Mrs Oppenheim's achievements do not go much beyond the introduction of flammability labelling for furniture and of origin marking on sealskin. Let us hope that two years from now the tourist industry is as happy with its minister as it is today.

● The Bermuda Triangle, everybody knows, is a stretch of water where ships and aeroplanes are said to disappear greatly to the profit of novelists and film-makers.

A new magazine, *British Shipper*, has come up with a new variation on this popular theme, although despite the title of the magazine the "triangle" has to do with neither ships nor aircraft but with land, specifically the area of Northern Italy between Milan, Como and the Brenner Pass.

Here, where much of Italy's frontier traffic is handled, trans-European juggernauts are disappearing so fast, the magazine says, that diplomatic relations with the Italians are suffering.

In one street, Milan's Via Valpellina, two trailers are stolen each week, and there is strong romantic interest in the story. Too many lorry drivers are taking wives with them and parking in city centre streets near the shops and restaurants rather than at secure lorry parks on the outskirts.

● Luo Dejin is making news around where he lives in Sichuan, China, as the first man to own his own truck under the communist regime.

After having had to sell back to a workers' brigade a tractor he had bought from it, when his success in using it "caused a shock of resentful envy", he saved almost £1,000 and borrowed another £100 from a local agricultural bank to buy himself a lorry.

Local press reports, monitored in Hongkong, say: "The truck had his case with astonishment—nothing like this had happened before and the matter was referred to the county government who reasoned 'if water buffaloes can be owned privately as a means of production why not a truck?' and he was lent the money."

Having worked "conscientiously" for some time, he began to make a small profit. "Now he is at the service of anybody day or night. He accepts no such thing as tips or gifts in doing his job."

Wallchart

WHILST I'M PASSING I'LL REPORT THE BLOWN LIGHT BULB IN MY OFFICE

ON SECOND THOUGHTS...

CLIMB WALL

Monetarism is not the road to salvation

Should we not have a policy that is within the going level of competence of central bankers?

There is a problem with any new aircraft design, any surgical or medical procedure, if, when put into practice, it does not work. The designer or the doctor survives; it is very hard on the passengers or patient. And so it is in economics and with the present passion for monetarism.

Both in Britain and the United States the proponents are still vigorous and content. The passengers and patients are having a difficult time.

The shortcomings in this design are manifold. None is in the realm of theory; all, alas, are new matters of experience.

There is, first of all, the question of what in the modern economy is to be called money. Once this was simple; it was silver, gold, copper or, for nearly two hundred years in two of Britain's American colonies, tobacco.

Now it can be hand-to-hand currency, deposits subject to check, savings deposits that can quickly be made a means of payment, unused overdraft facilities, unused lines of credit, the considerable store of purchasing power that lies behind the modern credit card.

Whatever modest agreement there may be as to what should be called money, in fact, quite arbitrary. There is a problem in controlling the supply of what you do not know you are controlling.

There is a more serious problem in the instruments of control. All recent experience in Britain and the United States reveals a great uncertainty in the relationship between any given use of instrument for the control of the supply of money and the resulting supply. Interest rates can be raised, bank lending can be more tightly

controlled, more specific restraints be imposed on borrowing and the money supply can still show large, seemingly random fluctuations.

Professor Milton Friedman, whose formula for economic success has captured the British Government, has conceded that these efforts at control have been ineffective. But he has attributed them to the incompetence of the Bank of England and, by inference, that of the Federal Reserve System.

But should we not have a policy that is within the going level of competence of central bankers?

It is now the harsh experience in both our countries that the instruments available for the control of the money supply cannot, in fact, control the money supply; and the use of these instruments has its own specific consequences.

The instruments of monetary policy operate against inflation only as they restrict the spending and responding of borrowed money. But it is borrowed money that, in very large measure, improves and modernises industrial plant. Any considerable reliance on the instruments of monetary policy is thus directly adverse to efforts to improve productivity.

There is worse to come. The curtailment of spending and responding of borrowed funds, if pressed vigorously enough, will

corseted, more specific restraints be imposed on borrowing and the money supply can still show large, seemingly random fluctuations.

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The NCB's plans are going awry. Nicholas Hirst reports

Difficult choices for the coal board

Stark choices face the National Coal Board over the next few months. Its leaders are to address representatives of the National Union of Mineworkers on February 10 and unless there is an unexpected relaxation in the financial framework imposed by the Government, it is difficult to see how a retrenchment in either investment or manpower can be avoided.

Put simply, the coal industry is a victim of the recession. The bright new dawn of the days after the Conservatives won the election, the Department of Energy, under the enthusiastic guidance of Mr John Moore, the junior minister responsible for coal, produced a plan to reduce the National Coal Board's dependence on grants and bring it to profitability by 1983/84.

Enshrined in a Coal Bill published last April, later becoming the Coal Act, the plan gradually reduced government assistance to the industry, apart from certain grants given for social reasons, and relief of interest on some loans. The board was given its marching orders: the days of subsidy were to come to an end.

The NCB would either prove it was able to compete with importers and competitor fuels, or it would be forced to contract. How the board met the new financial targets was not up to the Government; the choices of successful expansion or defensive cutbacks were for the industry to make.

Even last April the discipline seemed harsh. The coal industry had undergone more than a decade of contraction and decline before the 1973/4 oil crisis had made it more important in the United Kingdom energy mix. To fix such a short period for its return to financial independence was arguably both arbitrary and harsh. There was, and is, a strong case on grounds of energy security for building a better industry than the one that was launched in 1947.

The board feels that fate has been particularly unkind. The recession came just as the investment programme, instituted under its Plan for Coal of 1974 was, it claimed, beginning to pay off. Productivity at the coal face is now running 7 per cent higher than two years ago, output per man continuing to improve and 1979/80 saw the first improvement in deep-mined output (excluding the effect of strikes) since 1963. The improvements, however, have been a long time in coming and the government could fairly argue that the coal board had been investing heavily for too long for so little achievement.

What the Plan for Coal was launched it was intended to

maintain deep-mined output at around 120 million tonnes and raise open-mined output from 10 million to 15 million tonnes by 1985. To replace outdated pits some 20 million tonnes was to come from new mines and 22 million from improving old pits.

The plan has slipped badly. The coal board both underestimated the effects of the recession of investment from which pits had suffered for the previous decade and the length of time taken to bring on new capacity.

The Selby project, which gained planning consent relatively quickly, will not produce any coal until 1986, two or three years later than the Vale of Belvoir, where exploration was well advanced in 1975, has yet to receive planning permission. The lack of previous investment throughout the industry meant that production from older pits which pits had suffered for the previous decade and the length of time taken to bring on new capacity.

It has been estimated that 10 million tonnes a year of the NCB's output is being produced at pits which never can be profitable, at an overall loss of £100m. But union resistance to pit closures is strong, and if the coal industry is to provide long-

term energy security in the United Kingdom, the goodwill of the miners is needed to carry it forward. Large-scale redundancies after several years of industrial peace and a greatly improved attendance record, could wreck much of the understanding which has undoubtedly developed between management and labour.

The day of reckoning, however, is close at hand. The coal board has already proved it can be pushed for cash that it was forced to declare a moratorium on the ordering of new equipment. Its external cash limit of £882m is only £50m more than last year and its grants are being reduced in real terms. Its increasing production is going into stock, raising its financing costs, while 71 million tonnes of coal are being imported this year at cheaper prices than it can match.

What a relief from improving demand in slight cuts will have to be made. The board has yet to decide what they will be, but when it faces the NUM next month it is going to have to live with the uncomfortable reality of a production that can be said to be going to go down well.

The choices are clear. The board can delay its capital investment programme of £600m

a year, it can cut down on recruitment, close down uneconomic pits—indeed, it was reported yesterday to have drawn up plans to close 25 pits—or improve cash flow at the expense of profitability by buying new markets with cut-price exports. It cannot do the last for long, for while it may keep the board within external finance limits it will do nothing towards helping achieve break-even.

It can do a combination of these things, but it has to do something. The Government has to decide whether it is wise to insist on carrying through a financial strategy for the industry which was conceived in a different economic climate from that prevailing today.

There must be strong arguments for the acceleration of the closure of uneconomic pits. The board is producing more than it can sell, but there are equally strong arguments for taking action which would avoid slowing down the gains which have undoubtedly been made by the industry in the past few years. It may be sensible for the Government to recognize that its plans for the coal industry did not envisage the extent of the recession, and modify them accordingly.

The Russian who advocates unemployment

harsh truth, and they will probably accept it with good grace. No worker would be without employment for long, though he might have to move to a different town where the labour shortage was greater. The Urala in Siberia where there is an urgent need for workers to exploit the mineral wealth. Only "incorrigible idlers" would find it hard to get a new job, says Mr Popov, an economist and Soviet economist, believes that this would be no bad thing, as such people ruin the morale of the rest of the workforce.

In defence of this tough realism, he quotes a famous phrase of Lenin's in 1921 that only those who work shall eat. He finds a further text from Lenin to back up his argument. In its contract with the state, a factory must limit the number of workers and employees and raise their productivity as well as labour discipline to the normal level.

He believes the Shchekino system, if applied in all offices, ministries and enterprises, would do much for this labour discipline, one of the most urgent tasks of the Soviet economy at the moment. At the same time he looks back with admiration to the system of sharp wage differentials that existed in Stalin's day—"in the period of our country's industrialization", as he puts it.

In those days workers in priority industries, especially heavy industry, received far greater pay, but had to work hard in order to remain in that income bracket, otherwise they were moved to less remunerative jobs.

Nowadays, he says, the priorities are different and farming is considered as important as heavy industry. But the differentials should be reintroduced, only this time they would depend not on the type of job but on how well a worker worked. And most people would be spurred on by the fear of falling down the wage ladder.

"If the first result of the Shchekino system is a change in people's attitudes to their work, then the second result will be to overcome the shortage in the country's labour reserves," Professor Popov concludes.

Michael Binyon

Moscow

A radical Soviet professor who is not afraid to question many entrenched assumptions about his country's economy has just written a book in which he calls for a system of unemployment in the Soviet Union—something the Russians boast they have not known for 50 years.

Only by creating a pool of temporarily unemployed workers, he argues, will the country be able to reduce the overmanning in industry while releasing much-needed labour for reassignment to Siberia and other priority development areas. At the same time, he says, the threat of dismissal will galvanize lazy workers into greater productivity and induce them to respect their place of work a little more.

These suggestions were put forward recently in a long article in *Pravda* by Professor Gennadiy Popov, an economist from Moscow State University who has already stirred up controversy with ideas on mopping up surplus money in circulation and increasing wage differentials.

His article calls for a vast extension of the so-called Shchekino system to all sectors of the Soviet economy. The Shchekino experiment was an attempt to do something about the country's labour shortage by giving factories financial inducements to shed labour.

The problem with most of Soviet industry is that it hoards labour. It does this partly because the larger the workforce, the greater the overhead payments for clubs and social amenities, partly to cope with the seasonal demand for workers to help with the harvest, and partly to be able to deal with any unexpected innovations or changes in the plan assigned to each factory.

As an experiment, a chemical plant at Shchekino, a town near Tula some 100 miles south of Moscow, was instead given a bonus for every worker it dismissed. The bonuses were used to increase the wages of those remaining and to introduce automation thus making it possible to get rid of more workers. Meanwhile a parallel plant that was starting up took on those who left the chemical works. Much has been written about

FINANCIAL NEWS

Stock markets

Gilts active but low turnover in equities

The second leg of the account had a quiet but basically firm start yesterday. Turnover was low but prices held up, with no real selling pressure. Confusion throughout the day over whether the American hostages had actually left Iran, had little effect on most sectors with the exception of gold shares, which seemed about to rise with the fluctuating gold price. But rumours early in the day that a line of 700,000 ICI shares were on offer took some of the strength out of other leading stocks, though prices firmed up again later.

The FT Index closed 1.7 points up, at 453.6, after being 1.0 point down just after the market opened. The Index is 7.6 points down so far on the previous account's close.

Gilts had a good day with active trading and some gains. Longs kicked off £1 better and rose steadily for most of the session, closing £1 up on the day, but fractionally off the top. Shorts saw some sizable buyers, and finished the day £1 to £1.5 better. Earlier suggestions that the Budget might unveil a 2 per cent cut in MLR are being taken more seriously this week.

Leading shares were quiet, with the ICI line of stock rumour effectively wiping interest in most other majors. ICI itself dropped as low as 282p before recovering to close at 286p, a fall of 8p. Glaxo eased 2p to 246p, while Boverat gained 3p to 180p and Beechams closed unchanged at 180p.

De La Rue suffered from recent adverse comment, and

fell 25p to 675. But BTR was strong, with a few buyers purchasing shares in a narrow market and rose 3p to 364p. Rank, which reports on Thursday, added 2p to 154p.

Defence stocks did well yesterday awaiting today's Government statement, in the belief

that no further defence cuts are planned. Westland Aircraft gained 6p to 128p, although it was down 1p on the previous day. Vickers, which was being asked by dealers yesterday as the price of Vickers rose 8p to 142p, making a 16p gain in two days. In July Bell expressed interest in R-R before its merger with Vickers.

Other electricals were firm, but not busy. Electrocomponents

Latest results

Company	Sales	Profit	Earnings	Div	Pay	Year's
Int of Fin	Calculated	Cine (I)	4.74(3.8)	0.52(0.28)	2.0(2.0)	10/2
Cray Electronics (I)	9.8(5.9)	0.35(0.22)	1.49(1.09)	0.33(0.57)	6/4	(1.72)
Estates Property (I)	(—)	1.22(0.9)	2.75(2.5)	2/4	(—)	(—)
G. T. Japan (I)	7.2(8.26)	0.03(0.38)	2.9(8.5)	0.42(0.42)	6/9	0.84(0.84)
Restor (I)	5.8(6.2)	0.06(0.75)	7.05(12.4)	0.5(0.5)	13/3	(4.0)
David S. Smith (I)	4.3(4.1)	0.86(0.69)	7.7(15.1)	2.5(2.5)	27/2	(7.0)
Westpool Inv (I)	1.09(—)	(—)	0.52(—)	0.45(—)	(—)	(—)

Dividends in this table are shown net of tax on pension shares. Elsewhere in Business News dividends are shown gross, multiply the net dividend by 1.428. Profits are shown pre-tax and earnings are net. —Gross revenue. —After loan stock conversion. —Net.

Government cuts fail to slow Cray Electronics

By Peter Wainwright

Cray Electronics is having no trouble growing at its target rate of 20 per cent. Indeed, the only fear is that in some months' time it may revert to this pace of growth.

In the six months to October 31 sales leapt from £5.84m to £9.8m, an increase of 70 per cent, while pretax profits jumped by 54 per cent to £345,000. The interim dividend has been raised by 10.5 per cent to 0.63p a share, or 0.95p gross.

The leap in sales is said to reflect in part contract completions, as well as the doubling of capacity at J & S Marine work as a prime contractor, and an increase in the group's demand for many lines is described as encouraging, "but the recession cannot be ignored".

The memorandum on defence procurement was total for the three months from August to October, but Cray had so much

More company news, page 23

work to do that neither the latest figure nor those for the second half year will be affected.

Cray gets about 50 per cent of its business from the Ministry of Defence and the Post Office accounts for a further 6 per cent. It does not seem to have lost any large order in the recent wave of Government cuts.

Profits halved at Peerless, but dividend is raised

By Margaret Pagano

Peerless Group, the Birmingham-based maker of plastics and domestic engineering products, has been hard hit by the recession, with pretax profits more than halved to £901,000 in the six months to September, compared with £1,92m last time.

Turnover slipped from £14.85m to £14.5m, but the recommended interim dividend of 3p gross has been raised in line with the forecast when the group went public last May.

At the time of the offer for sale the board said it expected total dividends for the year to March 31, 1981, of at least 9p gross. The final dividend is expected to be paid in August.

Trading profit was down to £1.3m against £2.2m last time. Lower profits were arrived at after doubled interest charges of £376,000, taxation down to £200,000 from £410,000 and a £69,000 loss from an associated company. Earnings a share fell from 17p to 5.4p. The shares dropped 3p to 80p on the news, well below the 100p offer price last year.

Mr William Jordan, the chairman, said yesterday that trading conditions during the period continued to deteriorate in common with the decline in demand throughout the manufacturing industry. Squeezed profit margins and higher interest rates have affected profits. The board, he added, had taken all possible steps to



Mr William Jordan, chairman of Peerless Group.

minimize the effects on the company, but was well placed to take maximum advantage of any upturn in the economy, did not expect recovery in second half of the year.

Demand is down in all of the group's divisions: plastics, electronics and domestic engineering, kitchen furniture and metal stamp. Short-time working has been introduced at the Rat subsidiary making electrical and electrical controls. A turn in home improvement said to be the cause for demand in the kitchen furniture and kitchen furniture divisions. Last year Peerless reported pretax profits in line with costs made during the offer sale.

Briefly

Kennings Estate: Turnover year to September 30 £11.7m. Taxable profits £1.8m.

R. & W. Hawthorn, La. Having now received official document from Starwest, board, fully supported by the shareholders, has decided to see no merit in approach to Starwest and is of view financial terms of offer. Chairman will be writing to shareholders.

Stirling Trust: Kuwait Investment Office has acquired 50 ordinary making holding 1.68 per cent.

Harrisons & Crossfield: Ku Investment Office has acquired 50,000 ordinary making holding 5.23m (8.06 per cent).

Adel Investment: It was announced last January that a special restructuring of the Adel Group was necessary in order to overcome financial difficulties and to enable the company to publish its accounts.

Statutory Property Investment: tax income for six months October 31, £1.22m (£914,000), 2.75p net (2.5p). Interest available to properties in course development amounted to £58 (£51,000) and has been added from figures. This will be a 100 per cent increase from the £58 (£51,000) and has been added from figures. This will be a 100 per cent increase from the £58 (£51,000) and has been added from figures.

Gooding & Sons: has changed contracts with EPC whereby Parkdale has ceased £2,500. And has as that EPC will create a new Parkdale's Leeds freehold of

Bank Base Rates

ABN Bank	14%
Barclays	14%
BCCI	14%
Consolidated Credit	14%
C. Hoare & Co.	14%
Lloyds Bank	14%
Midland Bank	14%
Nat Westminster	14%
Rossminster	14%
TSB	14%
Williams and Glyn's	14%

* 7 day deposit on sums of £50,000 and under 14%, over £50,000 14.5%.

INDEPENDENT INVESTMENT TRUST

Independent Investment Company Limited have acquired an Equity interest of 13 per cent in Systems Design International Limited to £200,000 and not £30,000, as quoted in error on 17th January, 1981.

Banks to be consulted on loan scheme

A specific plan for a loan guarantee scheme for small businesses is soon to be put to the banks by the Government. The scheme will be based on the proposals put forward by the Union of Independent Companies.

Mr John MacGregor, the new minister responsible for small businesses, confirmed this yesterday but he stressed that the Government was waiting to see how consultation would go before final commitment.

He said the idea of the consultation was to find out if the Government had a viable scheme. He added that the results of the consultations would have to go back to the Cabinet.

Meanwhile, sources inside the clearing banks yesterday indicated that the idea of loan guarantees would receive a much warmer reception from them than this time round.

Mr MacGregor made the comments at a meeting at which he launched a series of six booklets published by the Department of Industry to provide advice for small businesses.

He said the Government was continuing to look at ways of helping small companies and revealed that the DoI was working on a survey of all small businesses in Britain. This will be the United Kingdom equivalent of a famous study by the Massachusetts Institute of Technology which showed that 65 per cent of all jobs created came from the small business sector.

Nervous selling hits Strata

Stock market excitement in Australian oil exploration stock Strata Oil eased yesterday as nervous selling knocked 23 cents from the share price to A\$4.12 pulling it off its year's peak reached last Thursday.

The shares were soaring last week on hopes of a substantial gas find in its Woodade Three well, the last of three in the onshore Perth Basin.

At that time it was rumoured that Strata's log had a 26.95 per cent interest in the well had struck 3,000 bn cubic feet of gas.

Investors hanging on before the weekend awaiting confirmation of the find started selling after Strata issued its regular Monday morning bulletin to say that drilling at Woodade Three had been completed. Indications of light oil and gas have been previously reported. It says that preliminary testing of the "zones of interest" will be carried out and first results are expected mid-week.

Staveley to sell a Canadian offshoot

Staveley Industries, the group with varied interests in electrical and mechanical engineering, machine tools, salt, and weighing equipment has done its share of expanding into North America but yesterday it announced a strategic withdrawal.

It has signed heads of agreement with R. C. Baxter for a sale of assets comprising the eastern manufacturing and marketing division of Standard Modern Tool of Toronto.

The group explains that the business is deep in nuclear power system components and machine tools. Its interests will apparently be best served in a total Canadian environment.

In the last accounts for the year to March 25, 1980, it was reported that the bulk of North American growth was coming from the United States. Little change in Canadian profits was expected.

Staveley is getting Canadian \$9.5m, about £3.3m, most of it next March. The rest \$1.75m, is to be paid on January 1, 1981. The price is said to reflect the book value of the net assets. In the year to March 25, 1980, the Canadian company made \$1.4m or around £490,000 before tax. Total group pre-tax profits in the same period were £7.3m.

The group adds that Williams Machinery, in marketing and distributing materials handling equipment in British Columbia and Alberta, is not part of the deal. It stays inside Staveley.

Booth International and Garnar agree on £2m bid

The boards of Garnar Scott Blair and Booth (International Holdings) have agreed on terms for a bid for Booth. They are two shares plus 150p cash for every two Booth shares. At 75p per Booth share, the offer values Booth at £2.4m or 60p a share.

Mr J. S. M. Booth has irrevocably undertaken to accept the offer in respect of 400,615 shares, some 10 per cent of the total. The other directors of Booth have indicated that they will accept the offer. Full acceptance will involve the issue of 1.6m New Garnar shares, or 23.3 per cent of the enlarged share capital.

Both companies operate over a broad sector of the leather industry.

Both companies suffered losses in the first half of 1980. The main reason is the sharp fall in the price of skins and hides, the strength of sterling and the high interest rates.

Westpool tops £1m at half time

Westpool Investment Trust reports a gross revenue for the six months to October 31 at £1,080m. Earnings a share were 0.92p and net asset value a share 171.3p. An interim dividend of 0.45p net is declared.

As was indicated in the annual report, the short-term effect of the increased emphasis on asset growth is to reduce the level of income available for distribution.

The board expects to recommend

Barclays American plans \$75m notes offering

Barclays American Corporation said it had filed with the United States Securities and Exchange Commission a registration statement for an offering of \$75m (£31m) of senior notes due 1988.

The notes will be offered by a group of underwriters led by Merrill Lynch White Weld Capital Markets Group and by Citicorp. The offer is expected to be made in early February.

The notes will not be redeemable before February 1, 1986.

Generale Occidentale

Generale Occidentale, the food and banking group headed by Sir James Goldsmith, reported net consolidated income for the first half of the year to March 31 of 67.2m francs (about £7.9m), against 76m in the same period a year before. Net income of the parent company came to 7.64m francs, up from \$1.6m a year before.

Record merger

Australia's largest merger was completed in Melbourne

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The Over-the-Counter Market

1980/81	Company	Price	Ch'ge	Div	Gross	Yld	P/E
75	39	Airprug Group	65	—	6.7	10.3	5.8
40	21	Armstrong & Rhodes	40	+1	1.4	3.5	16.5
192	92	Bardon Hill	129	—	9.7	5.1	7.1
87	40	County Cars Pref	40	—	—	—	—
98	88	Deborah Services	85	—	5.5	5.7	4.7
126	88	Frank Horsell	116	—	6.4	5.0	3.6
110	56	Frederick Parker	55	—	11.0	19.6	2.6
110	74	George Blair	77	—	3.1	4.0	—
110	59	Jackson Group	103	—	6.9	6.3	4.1
124	103	James Burroughs	119	—	7.9	6.6	9.7
394	244	Robert Jenkins	334	+2	31.3	9.4	—
53	50	Scruttons 'A'	53	—	5.3	10.0	3.8
224	215	Torday Limited	218	—	15.1	6.9	3.7
23	10	Twinkl Ord	13	—	—	—	—
90	69	Twinkl 15% ULS	77	—	15.0	19.4	—
56	35	Unilock Holdings	35	—	3.0	8.3	5.5
102	81	Walter Alexander	101	—	5.7	5.6	5.6
255	181	W. S. Yeates	254	—	12.1	4.7	4.1



Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

Chairman's Review by Mr G. H. Waddell

The thirty-fourth annual general meeting of the company will be held in the boardroom, Consolidated Building, corner of Rix and Harrison Streets, Johannesburg, at 09h30, on Wednesday, 28th January 1981.

The Group's profit before taxation at R240 million in 1980 was the highest yet achieved. The provision for taxation, including tax normalisation to which I refer below, amounted to R113.4 million and the profit after taxation was therefore R126.6 million or 100.8 cents per share compared with R88.9 million or 85 cents per share on the same basis in 1979. Dividends paid amounted to R50.1 million or 40 cents per share (1979 R48 million or 30 cents) and R71.5 million was transferred to reserves. These amounts reflect a 41% increase in revenue over 1979 primarily as a result of the higher prices for platinum group metals and nickel as well as a higher volume of sales.

The inflow of funds to the Group after provision for taxation and payment of dividends during the year was R182.0 million. Expenditure on mining assets amounted to R26.8 million, R4.3 million was spent on various studies and on the mining alternatives open to the Group. R5.7 million was invested in Matthey Rustenburg Refiners, R0.9 million on sundry items and working capital increased by R24.8 million.

It remains the policy of the Group to strengthen its financial position to be better able to meet future commitments and to ensure adequate changes in the market as and when they occur. To this end significant progress was made during 1980 and at the year-end the Group had repaid all its borrowings and had built up its cash to R42.1 million.

Tax Normalisation

The 1980 financial statements include a transfer to non-distributable reserves in respect of tax normalisation. In the past the Group's reported profit before taxation contained an element of tax relief which arose when expenditures were made to expand its mines. Since these expenditures were not charged against profits, the reported profit levels after taxation were overstated by that element of tax relief. Tax normalisation has been adopted to avoid this in the future. The aggregate of tax normalisation and the actual provision for taxation is therefore equal to the taxation that would have arisen in the absence of any expenditure on expansion.

The Platinum Price

During the past financial year, the Free Market price of platinum has been as low as \$420 per ounce in September 1979 and as high as \$1047 per ounce in March 1980. However, since June 1980 the amplitude of the oscillations in the Free Market price has narrowed considerably and until August 31 was confined to between \$600 and \$730 per ounce. Rustenburg increased its price from \$380 to \$420 per ounce in December 1979 and again to its present price of \$475 per ounce in August 1980. Whilst these increases amounted to a 25% increase in terms of US Dollars, due to the appreciation of the Rand against the US Dollar the increase in terms of Rand was only some 12%.

The behaviour of the Free Market price of platinum reflected the flight from paper currencies as people motivated by a wide variety of reasons turned to precious metals as a store of value. The increase in purchases for speculation and investment purposes outweighed the decline in the demand for platinum from the automobile and jewellery industries. Whilst this increased speculative and investment demand had obvious benefits during the year under review, since in the absence of available supplies would have exceeded demand. It remains to be seen whether it will on the year's end scale become a permanent feature of the platinum market. It seems likely that it will persist at least to some extent, but there is a risk that significant quantities will be sold back to the market at some stage in the future. That probability adds yet another factor of uncertainty to the market. In contrast to the Free Market, Rustenburg will continue to price its metal on a basis which gives it a reasonable reward and encourages new and continued usage.

Automotive Industry

The sharp decline in the demand for platinum from the US automotive industry during the past year mirrored the substantial fall in US automotive sales and production. During the second half of 1980 it appeared that the nadir would be passed before the year end and that a recovery in automotive sales would take place during the Group's financial year. This hope must now be tempered in the light of the fact that the initial recovery in the American economy may have been falsely based.

During the year the US automotive industry was granted waivers to the Federal Environmental Protection Agency (EPA) in respect of certain regulations and with the advent of the Reagan administration it is possible that the US automotive industry will lobby the new administration, Congress and the EPA against further tightening of the regulations for emission controls on automobiles. There was also a significant change in the US automotive industry when it started to move from large V8 powered automobiles to the smaller 4 or 6 cylinder powered automobiles. This, together with the anticipated increase within the United States in the production and sales of diesel engine automobiles which may or may not require exhaust catalysts, has important implications for the platinum industry since the overall demand for catalysts and hence for platinum may prove to be lower than previously anticipated. It is likely too that increasing quantities of platinum will be recovered from converters on scrapped automobiles later in the decade. Of course, sales of automobiles will increase as and when the American economy recovers, bringing in turn a recovery from the present level of demand for platinum for automotive catalytic devices. It also seems likely that catalytic devices will be used on heavy vehicles as from the middle of the decade. For all these reasons the extent of the future demand for platinum is difficult to gauge.

During the year the Group entered into another long-term contract with an automotive manufacturer for the supply of a significant quantity of platinum for use in that company's automobiles. This new contract, which has substantial safeguards built into it for the benefit of the Group, serves to re-emphasise the

importance of the platinum group metals to the automobile industry in those countries concerned about the harmful effect on people of exhaust emissions.

Jewellery

Since 1975 Rustenburg has spent significant sums on promotional campaigns overseas to encourage the use of platinum in jewellery. The budget world-wide for the current calendar year has been raised to R8.25 million. Contributions from the trade will amount to this by R0.8 million.

In Japan, the demand for platinum for use in jewellery fell further during the Group's financial year. The Japanese jewellery industry is generally supplied on the basis of the Free Market price and both the level of and the rapid and wide fluctuations in that price adversely affected the demand for platinum for this purpose until comparatively recently. Indeed, since August, there has been a healthy recovery in demand which coincided with the return to comparative stability in the Free Market price between \$600 and \$650. It would be possible to place more confidence in the continuation of this recovery if Rustenburg's price had greater weight in the Japanese jewellery industry.

However, it is pleasing to report good progress although from a low base as measured by the off-take of platinum for jewellery in the United States of America, the United Kingdom and West Germany. It is no coincidence that these are markets where the platinum supplied to the jewellery industry is based on Rustenburg's price as opposed to the Free Market price. It is only recently that metal has been made available for jewellery at prices in West Germany and the initial response has been more than satisfactory. The Group's policy of supplying at a reasonable and stable price may prove to be of significance as compared with the gold industry, which does not have the same opportunity.

Base Metal Refinery

Progress on the construction of the new Matthey Rustenburg nickel-copper refinery is now well advanced and at present it is expected that commissioning will start as planned during the third quarter of 1981. The refinery's rated capacity has been raised and the final cost may be as high as R75 million if certain expenditures for additional equipment to improve recoveries are approved. Despite the higher capital expenditures required, the project still offers a satisfactory return.

Possible Future Mining Operations

The Group has over the years investigated and potentially viable platinum reefs found in the Bushveld Igneous Complex including the UG2. These evaluations are regularly updated and subjected to review. In 1977 the Group patented a process for the treatment of the UG2 Reef but, at present, mining the available Murchison Reef remains the most attractive course to follow.

The Group is continuing its feasibility study into the potential of the "Pink Reef" in the Bushveld Igneous Complex. Exploration has been completed and studies related to metallurgical processing and the financial aspects are in progress. The Bushveld deposit is only one of a number of possibilities open to the Group as and when further exploration is justified.

Outlook

It is worth repeating that available supplies presently exceed demand from the traditional end-users of platinum and there is now renewed concern over the prospects for the American economy in the immediate future. It is far from certain that the price of platinum for the current year other than to say that, despite higher costs arising primarily from the wage increases granted to your employees, the start has not been unsatisfactory.

Employment Practices

The Group is moving towards an integrated wage scale free from discrimination in any form for all its employees. Considerable progress was made during the year through the award of significant wage increases, the extension of fringe benefits to those who did not previously have the opportunity to participate in them and through a further expansion in the Group's training programmes.

Directors

Sir Albert Robinson resigned as Chairman with effect from the first of January this year. He has been deeply concerned during the past decade with the affairs of the Group in particular and the platinum industry as a whole. During that period he guided the Group through both the good times and the bad and the recent results of the past year are the best tribute to his leadership. I would like to place on record both my personal gratitude and that of your Board to him.

During the year Mr B. A. Smith and Mr J. N. Clarke resigned from the Board and I wish to express my appreciation to them for the contributions they made to the affairs of the Group. Mr H. Scott-Russell and Mr M. W. King were appointed to fill these vacancies. Mr E. J. Wells was also appointed a Director during the year. I would like to welcome these new appointees to the Board. As a result of Mr H. Scott-Russell's assumption of wider responsibilities within the JCI Group he has vacated his position as Consulting Engineer for Platinum although he will remain a member of both your Board and the Executive Committee. He has been succeeded as Consulting Engineer for Platinum by Mr R. B. Sutherland who has also been appointed to the Executive Committee.

General

I wish to record my appreciation to Johnston Matthey and Consolidated, our sole Marketing Agents, and to our customers throughout the world. I am also very grateful to all, both at Head Office and on the Mines, for the services rendered to them during the past year.

Johannesburg 19th January 1981

Copies of this Review and the Report and Accounts are obtainable from the London Secretaries: Barnato Brothers Limited, 99 Bishopsgate, London EC2M 2XJ.

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هكذا من الأصل

ALSO ON PAGE 24

HOLIDAYS AND VILLAS

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